

South Carolina State University



| a new state of mind

Orangeburg, South Carolina



Comprehensive Annual Financial Report

Included in the Higher Education Fund, an Enterprise Fund of the State of South Carolina

Year Ended June 30, 2014

South Carolina State University

Comprehensive Annual Financial Report
Included in the Higher Education Fund, an Enterprise Fund of the
State of South Carolina
Year Ended June 30, 2014

South Carolina State University

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Introductory Section (unaudited)



South Carolina State University

POST OFFICE BOX 7008
300 COLLEGE STREET, NORTHEAST
ORANGEBURG, SOUTH CAROLINA 29117-0001
(803) 536-7013

OFFICE OF THE PRESIDENT

FAX: (803) 533-362

Dear Alumni, Advocates, and Friends of South Carolina State University:



South Carolina State University is a forward-moving institution destined for success. Although we faced continued financial challenges during fiscal year 2014, we have implemented changes, and are evaluating others, in order to obtain long term financial stability. SC State University is committed to transparency, accountability, and sustainability. Our task is to ensure that we remain resilient and proactive in addressing financial issues and rebuilding our fiscal base.

SC State is deliberate in its efforts to recruit, retain and graduate its students. Students are the lifeblood of the institution and they are first in all that we do. Therefore, we take very seriously our obligation to be good stewards of the resources that have been entrusted to us. We are very optimistic about the future of SC State and through our current financial course; we will emerge as an even stronger institution.

As we work toward an even higher level of excellence, we have employed a strategic and aggressive plan to achieve fiscal restoration. Utilizing long-range plans to address fiscal issues, while strengthening our capacity to become more financially stable, is the new SC State standard. The strategic decisions we make today, will sustain the University for years to come. This is a transformative period and despite the challenges that are affecting all HBCU's, which are beyond our control, we will continue to move in an upward trajectory.

Sincerely,

Thomas J. Elzey
President

South Carolina State University

300 COLLEGE STREET, NORTHEAST
ORANGEBURG, SOUTH CAROLINA 29117-0001
(803) 536-8998

December 10, 2014

LETTER OF TRANSMITTAL

**To the President and
Members of the Board of Trustees:**

Management is pleased to present to you the Comprehensive Annual Financial Report of South Carolina State University for the fiscal year ended June 30, 2014.

Management asserts that this financial report is complete and reliable in all material respects, and accepts full responsibility for the completeness and reliability of all the information presented in this report. Generally Accepted Accounting Principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The University's MD&A can be found immediately following the report of the independent auditor.

Profile of the University

South Carolina State University (SC State), a senior comprehensive teaching and 1890 land-grant institution, is committed to providing affordable and accessible quality undergraduate and graduate degree programs. SC State is a public university, with a student population of approximately 3,350 located in Orangeburg, SC. Orangeburg is a small rural/agricultural city in the middle of the state that has evolved to include businesses and industries that are national and international in scope. The university currently offers 45 undergraduate degree programs through three academic colleges and sixteen graduate degree programs and 1 doctoral degree.

SC State's 1890 land-grant legacy of service to citizens of the local community, the state, nation, and global society is ensured through its collaborative efforts with businesses, secondary education, colleges and industries. This symbiotic relationship provides a catalyst that spurs reciprocal economic and social growth for all.

Economic Environment

State appropriations for fiscal year 2015 are projected to be higher based on the University's base state appropriations being increased for a 2% increase state mandated cost of living increase, increase in health insurance allocation, and addition of state funding for efficiency process improvements. Although it is anticipated that lottery funds for deferred maintenance has been reduced in fiscal year 2015, the overall impact from state appropriations will be an increase over last fiscal year.

In regards to tuition revenue, SC State's resident mandatory tuition and fees is in the lower range compared to other in-state peer institutions. The Board of Trustees continues to express concerns over the burden tuition and fee increases are having on families; however, it was necessary to increase tuition and fees for fiscal year 2015 in order to balance the budget and maintain program quality. The fee structure this fiscal year was restructured so as to give all a true understanding of what students fees were paying for. More specifically, the Education and General College fee was reduced by \$1,616 and the Athletic Operations Fee was increased by \$1,929 thereby giving the customer a clear understanding how their fee dollars were being used. Other fee increases included a \$115 increase the full meal plan for food services. All other fee increases remained stable.

SC State is situated in a rural county. As a result, the operations of the institution have a substantial economic impact on the surrounding communities. To document this fact, the results of an economic impact study of SC State revealed the following:

“There are many facets to the economic impact of an institution of higher education, including both the short-term impacts on the local economy via local spending by the University and its faculty, staff, students and visitors, and the longer-term impact on the economy based on higher education levels, increased productivity and improvements in the quality of life in the area. The purpose of this economic impact research has been to quantify the first set of impacts (e.g. those impacts on economic activity that can accurately be estimated using the standard tools of economic impact analysis).”

Consequently, the research focused on the economic impact of the following specific activities associated with SC State:

1. The regular, ongoing operations of the university itself – including the cost of faculty, staff, and other non-labor expenditures.
2. University construction projects from recent years, as well as planned projects for the future.
3. SC State University student expenditures in the local economy, excluding payments made directly to the university.
4. Visitor spending at SC State University Homecoming football games.

The elements of this economic impact are summarized below. These elements will change in the future with respect to the University’s plans to expand academic programs, increase enrollment, and replace and renew its facilities and physical plant.

SC State’s economic impact for fiscal year 2014 is projected to include an injection into the state economy in excess of \$187 million, an impact on household income in excess of \$99 million, and supports approximately 2,189 jobs in the Orangeburg area.

FINANCIAL INFORMATION

Internal Controls

Management maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Legislature. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. An internal control structure has been implemented to accomplish two primary objectives: (1) ensure that the University’s assets are protected from loss, theft, or misuse, and (2) ensure that adequate accounting data is compiled to allow for the preparation of financial statements in accordance with legal requirements and Generally Accepted Accounting Principles (GAAP).

The concept of reasonable assurance recognizes that, the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits require estimates and judgments by management. Because the cost of internal controls should not outweigh their benefits, the University’s comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

Budgetary Controls

SC State prepares, on an annual basis, a budget that provides reasonable estimates of revenues and expenditures. The budgetary process encompasses all operating budgets of the university to include educational and general activities (both General Fund and Earmarked), athletic operations, and the operations of auxiliary enterprises. The budget preparation is based on programmatic planning by the university through department heads, academic offices, the University’s Planning and Budgeting Review Committee (PBRC), the president’s cabinet, and the President. The budget is then presented to the Board of Trustees for approval. Budget versus actual reports are prepared quarterly for review and presentation to the University’s Planning and Budgeting Review Committee (PBRC), the President, the Board of Trustees’ Finance Committee, and the full Board of Trustees.

Debt Management

SC State follows a debt management strategy to ensure the university stays within the framework of an acceptable level of debt. Management monitors the debt service level to remain apprised of the effects of long-term debt on the University's credit rating. This strategy acknowledges that, although all University revenues are generally available to meet any need, debt issued for one operational segment should be repaid from the resources generated by that segment.

Cash Management

State law requires that substantially all of the University's receipts and disbursements be made using bank accounts in the name of the South Carolina State Treasurer. The State Treasurer performs almost all cash management activities for the University's cash balances on deposit with in-state bank accounts. As a participant in the state's cash management pool, the University receives investment income allocations for certain qualifying cash balances.

Risk Management

SC State participates in the state of South Carolina's state-wide risk management program. The state's program assumes substantially all risks for unemployment and workers' compensation benefits and claims of covered employees for health, dental, and group-life insurance benefits.

The University pays premiums to the state's insurance reserve fund to cover the risk of loss related to buildings (including contents) and property, general tort liability, medical professional liability, blanket accident trip coverage, automobile liability, and automobile physical damage.

Relevant Financial Policies

In addition to being guided by its own strategic plan, the University is a part of state government in South Carolina, and as such, follows state law and policies regarding procurement, construction, human resource practices, contract and grant funding, and other operating practices. A budget, which is built on a robust internal budget process, is submitted annually to the Governor's Office.

The University uses a decentralized methodology for budgeting. The process is managed by the Division of Fiscal Affairs Office and begins by soliciting from all department heads, deans, and vice presidents any unfunded requirements (UFRs) that cannot be paid for by their existing budget (both personal services and operational requirements). The PBRC, in concert with the Division of Fiscal Affairs, reviews all inputs and prioritizes them based on the needs of the University. The PBRC also factors in the strategic budgeting priorities needs of the University with the UFRs to determine at least three budgeting options, based on varying availability of resources, to present to the President, and in turn, to the Board of Trustees for approval.

OTHER INFORMATION

Independent Audit

State law, federal guidelines, and certain bond covenants require that the University's accounting and financial records be audited each year. Under the terms of this contract, BDO will perform an audit of the University's financial statements and the University's federal financial assistance programs through fiscal year 2016.

The goal of the independent audit was to provide reasonable assurance that the financial statements of the University for the fiscal year ended June 30, 2014, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used, and significant estimates made by management; and evaluating the overall financial statement presentation.

Te independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the University's financial statements for the fiscal year ended June 30, 2014, are fairly presented in

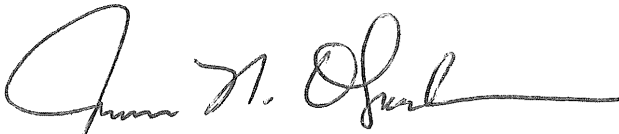
conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

In addition to an independent audit, SC State is audited on a periodic basis by the SC Budget & Control Board to ensure compliance with provisions of the South Carolina Procurement Code.

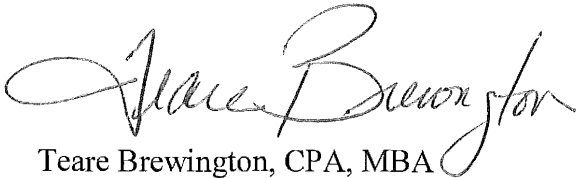
Acknowledgments

Management thanks the President of the University and members of the Board of Trustees for their continued support and dedication to excellence and integrity in fiscal affairs of the South Carolina State University. We would also like to extend our appreciation to all of our colleagues across campus whose dedication and hard work resulted in a successful closure of the fiscal year.

Sincerely,

A handwritten signature in black ink, appearing to read "James N. Openshaw". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

James N. Openshaw, MPA, MBA
Vice President for Fiscal Affairs

A handwritten signature in black ink, appearing to read "Teare Brewington". The signature is cursive and elegant, with a large initial "T" and a long horizontal stroke.

Teare Brewington, CPA, MBA
Controller



Independent Auditor's Report

Members of the Board of Trustees
South Carolina State University

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of South Carolina State University (the "University"), a non-major discretely presented component unit of the State of South Carolina, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the South Carolina State University Foundation, Inc. (the "Foundation") and South Carolina State University Advancement Foundation (the "Advancement Foundation") which represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net assets, and revenues of the University's aggregated discretely presented component unites. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation and Advancement Foundation, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.



Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the University's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated January 6, 2015 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

BDO USA, LLP

January 6, 2015

South Carolina State University

Management's Discussion and Analysis (unaudited)

Introduction

We are pleased to submit the annual financial statements for South Carolina State University ("SCSU" or the "University") for the fiscal year ended June 30, 2014. The following discussion and analysis have been prepared by the management of SCSU to provide an overview of the financial activities of the University for the fiscal year ended June 30, 2014. Please read this section in conjunction with the financial statements and the accompanying notes to the financial statements. The financial presentation for the University has been prepared to meet the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* ("GASB Statement 34"), and GASB Statement No. 35, *Basic Financial Statement's and Management's Discussion and Analysis for Public Colleges and Universities*. The University has incorporated two non-governmental discretely presented component units, South Carolina State University Foundation, Inc. (the "SCSU Foundation") and South Carolina State University Advancement Foundation (the "Advancement Foundation", together with the SCSU Foundation, the "Foundations"). Two of each of the Foundations' statements: (1) statements of financial position and (2) statements of activities are presented separately in the University's report. Management's discussion and analysis addresses the activity of the University and does not include financial activity of the Foundations. Information presented in the financial statements is designed to aid a wide variety of readers in assessing the effectiveness of the University's management in using its resources to meet its primary mission of instruction, research, and public service, as well as to provide a comprehensive picture of the University's financial activities and soundness.

Using this Annual Report

This annual report consists of the following financial statements: statement of net position, statement of revenues, expenses, and changes in net position, and statement of cash flows. These financial statements illustrate the financial condition of the University, the results of the University's operations and the cash flows (sources and uses of funds) of the University as a whole. As a result of the implementation of GASB Statement 34, public colleges and universities of South Carolina elected to report as business-type activities ("BTAs"). These statements, therefore, are intended to provide a view of the University's financial position similar to that presented by most private sector companies. The financial statements are presented using the accrual basis of accounting. The accrual basis of accounting takes into consideration all of the University's revenue and expenses regardless of when cash is received or payments are made. Significant revenues of the University such as state appropriations, gifts, Pell grants, and investment income are considered non-operating.

Statement of Net Position

The statement of net position presents the assets, liabilities, and net position of the University as of the end of the fiscal year. This statement is a point-of-time financial statement that provides the reader with a fiscal snapshot of SCSU. The statement of net position consists of assets (current and noncurrent), liabilities (current and non-current) and net position (assets minus liabilities). Current assets consist primarily of cash and receivables. The current portion of the assets will be converted to cash within one year to be used to pay the current portion of the liabilities. Current liabilities consist principally of accounts payables and accrued compensation. These liabilities will be settled within one year. Noncurrent assets consist primarily of capital assets, net of accumulated depreciation. Noncurrent assets will not be converted to cash within one year. Noncurrent liabilities consist primarily of notes and bonds payables, net of the current portion,

South Carolina State University

Management's Discussion and Analysis (unaudited)

and federal loan fund contributions. Noncurrent liabilities will not be settled within one year. Net position is divided into three major categories. The first category, net investment in capital assets, provides the University's equity in property, plant, and equipment owned by the University. The next category is restricted net position, which is further divided into two categories, nonexpendable and expendable. The corpus of the nonexpendable restricted resources is for investment purposes only and therefore not available for expenditure. The expendable restricted net position is available for expenditure by the University, but is restricted for specific purposes based on defined restrictions by donors and/or external entities. The third category of net assets is unrestricted net position. These assets include balances from operations of education and general ("E&G") activities, auxiliary enterprises, quasi-endowments and unexpended plant funds and may be expended for any lawful purpose of the University.

Certain reclassifications have been made for presentation purposes.

The "Condensed Statements of Net Position" as shown below, presents a comparison of assets, liabilities, and net position between June 30, 2014 and June 30, 2013:

Condensed Statements of Net Position

	2014	2013	Increase (Decrease)	Percent Change
Assets				
Current assets	\$ 16,424,170	\$ 11,995,895	\$ 4,428,275	36.91%
Noncurrent assets	7,595,355	8,490,438	(895,083)	(10.54%)
Capital assets, net	124,615,165	128,926,452	(4,311,287)	(3.34%)
Total Assets	\$ 148,634,690	\$ 149,412,785	\$ (778,095)	(0.52%)
Liabilities				
Current liabilities	\$ 29,840,429	\$ 16,672,319	\$ 13,168,110	78.98%
Noncurrent liabilities	67,414,240	71,036,294	(3,622,054)	(5.10%)
Total Liabilities	\$ 97,254,669	\$ 87,708,613	\$ 9,546,056	10.88%
Net Position				
Net investment in capital assets	\$ 57,128,853	\$ 58,237,010	\$ (1,108,157)	(1.90%)
Restricted - Nonexpendable	764,691	807,333	(42,642)	(5.28%)
Restricted - Expendable	10,575,756	11,956,827	(1,381,071)	(11.55%)
Unrestricted	(17,089,279)	(9,296,998)	(7,792,281)	(83.82%)
Total Net Position	\$ 51,380,021	\$ 61,704,172	\$ (10,324,151)	(16.73%)

South Carolina State University

Management's Discussion and Analysis (unaudited)

The vast majority of current assets (94%) are composed of unrestricted and restricted cash and cash equivalents, along with student and grant accounts receivables, net of allowance for doubtful accounts. Current liabilities consist primarily of accounts payable and accrued expenses, which consist of accrued payroll and related liabilities, deferred revenues, student deposits, accrued interest payable and the current portion of notes and bonds payable.

The increase in current assets of \$4.4 million is attributable to a \$3.7 million increase in current cash largely due to the influx of recovery loan funds that was received on June 30, 2014, as well as an increase in prepaid expenses of \$638 thousand that includes \$500 thousand in loan funds held by the state for future use. In addition, there was \$2.2 million increase in current restricted cash related to funds held for 1890 Research programs, and a decrease in grants receivables of \$2.1 million as a result of the ending of various grant due to expiration of the grant or termination of the grant program. In addition, current restricted cash increased by \$0.7 million as a result of net reclassifications of cash restricted for debt service from non-current assets to current assets (both unrestricted and restricted). Current liabilities increased by \$13 million (or 79%) from the prior year. The increase is a result of timing of vendor payments and the receipt of a \$6 million noncapital loan for the State of South Caroling Budget Control Board. Noncurrent liabilities decreased \$3.6 million primarily as a result of repayments on notes and bonds payable. The decrease of \$10.3 million in the net position reflects the net loss before other revenues, expenses gains or losses of \$10.9 million partially offset by \$0.5 million in state capital appropriations and capital grants and gifts revenues, as discussed further in the next section.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position are a presentation of the revenues earned and expenses incurred during the fiscal year. Revenues and expenses are reported as either operating or non-operating. The financial reporting model selected by public institutions classifies state appropriations, Pell grants, and gifts as non-operating revenues. Since the University is a public institution and depends upon state aid and gifts, the University's statement will result in an operating deficit, all things being equal. This statement will reflect the utilization of long-lived or capital assets in the form of depreciation expense. Depreciation expense amortizes the cost of a capital asset over its expected useful life.

Generally speaking, operating revenues are earned for providing goods and services to the various customers or students and constituencies of the University. Operating expenses are those expenses incurred to acquire or produce the goods and services provided. Operating revenues and expenses are a result of implementation of the University's mission. Nonoperating revenues are revenues received for which there is not a reciprocal agreement - no goods and services are provided.

The "Condensed Statements of Revenues, Expenses, and Change in Net Position" as shown, presents a comparison of revenues, expenses, and change in net position between the years ended June 30, 2014 and 2013.

South Carolina State University

Management's Discussion and Analysis (unaudited)

Condensed Statements of Revenues, Expenses, and Change in Net Position

<i>Year ended June 30,</i>	2014	2013	Increase (Decrease)	Percent Change
Operating Revenues				
Student tuition and fees (net of allowance)	\$ 30,099,374	\$ 32,345,800	\$ (2,246,426)	(6.95%)
Grants and contracts	20,608,909	25,632,754	(5,023,845)	(19.60%)
Sales and services (net of allowance)	13,140,753	15,533,041	(2,392,288)	(15.40%)
Other operating revenues	977,441	1,426,683	(449,242)	(31.49%)
Total Operating Revenues	64,826,477	74,938,278	(10,111,801)	(13.49%)
Operating Expenses				
Salaries and wages and related employee benefits	51,500,766	54,293,406	(2,792,640)	(5.14%)
Services and supplies	26,648,424	29,440,784	(2,792,360)	(9.48%)
Utilities	3,598,835	3,332,749	266,086	7.98%
Scholarships	14,070,182	14,837,102	(766,920)	(5.17%)
Depreciation and amortization	5,637,614	5,632,608	5,006	0.09%
Total Operating Expenses	101,455,821	107,536,649	(6,080,828)	(5.65%)
Net Operating Loss	(36,629,344)	(32,598,371)	(4,030,973)	(12.37%)
Nonoperating Revenues				
State appropriations	18,402,331	17,335,288	1,067,043	6.16%
Federal grants	11,106,875	10,793,087	313,788	2.91%
Gifts	76,095	196,369	(120,274)	(61.25%)
Interest and other investment expense	(3,821,535)	(3,327,323)	(494,212)	(14.85%)
Nonoperating Revenues	25,763,766	24,997,421	\$ 766,345	3.07%
Net Loss Before Other Revenues, Expense, Gains or Losses	(10,865,578)	(7,600,950)	(3,264,628)	(42.95%)
Capital grants and gifts and state capital appropriations	541,427	1,809,059	(1,267,632)	(70.07%)
Change in Net Position	(10,324,151)	(5,791,891)	(4,532,260)	(78.25%)
Net Position, beginning of year	61,704,172	67,496,063	(5,791,891)	(8.58%)
Net Position, end of year	\$ 51,380,021	\$ 61,704,172	\$ (10,324,151)	(16.73%)

South Carolina State University

Management's Discussion and Analysis (unaudited)

Operating revenues for student tuition and fees and the auxiliary enterprises have been presented net of scholarship allowances. A scholarship allowance is defined as the difference between the stated charge for goods and services provided by the institution and the amount that is billed to the student and/or third parties making payments on behalf of the student. Tuition and fees net of scholarship allowance decreased by approximately 6.95% from the prior year. The decrease is mainly due to lower enrollment and higher student attrition. Overall operating revenues decreased by \$10.1 million or 13.5%, largely related to reduced grant activity resulting in lower grant revenues. In addition, lower enrollment resulted in lower revenue from tuition and fees and ancillary services such as housing and food service. Nonoperating revenues (expenses) increased by \$0.5 million or 1.9% primarily as a result of increased state appropriations of \$1.1 million.

Overall operating expenses decreased of \$6.1 million or 5.7%, resulting from decreases in salaries and related fringe benefits and service and supplies expenditures of \$2.8 million and \$2.8 million, respectively. In addition, scholarships decreased by \$0.8 million due to lower enrollment and reduced funding.

The University's net operating loss increased by \$4.0 million from fiscal year 2013 to fiscal year 2014. This is the net result of the decreases in operating revenues and decreases in operating expenditures as described above.

Statement of Cash Flows

The final statement presented is the statement of cash flows. The statement of cash flows presents detailed information about the cash activity of the institution during the year. The statement is divided into five sections. The first section details operating cash flows and presents the net cash used by the operating activities of the University. The second section details cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section details cash flows from capital and related financing activities. This section reflects cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and presents purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net operating loss on the statement of revenues, expenses, and changes in net position to the cash used by operating activities. This section is detailed in the financial statements of the University and is not included in this analysis.

The "Condensed Statements of Cash Flows" as shown, presents a comparison of cash activities between the years ended June 30, 2014 and 2013.

South Carolina State University

Management's Discussion and Analysis (unaudited)

Condensed Statements of Cash Flows

<i>Year ended June 30,</i>	2014	2013	Increase (Decrease)	Percent Change
Cash used by operating activities	\$ (21,819,684)	\$ (25,590,497)	\$ (3,770,813)	(14.74%)
Cash provided by non-capital financing activities	35,085,301	28,324,744	6,760,557	23.87%
Cash used by capital debt and related financing activities	(7,927,680)	(9,371,110)	(1,443,430)	(15.40%)
Cash provided by investing activities	216,284	182,117	34,167	18.76%
Net Change in Cash and Cash Equivalents	5,554,221	(6,454,746)	12,008,967	186.05%
Cash and Cash Equivalents, beginning of year	9,941,629	16,396,375	(6,454,746)	(39.37%)
Cash and Cash Equivalents, end of year	\$ 15,495,850	\$ 9,941,629	\$ 5,554,221	55.87%

Cash and cash equivalents increased by \$5.6 million or 55.9% from the prior year. This is due in large part to the receipt of noncapital loan funds, along with the increase in restricted cash of the 1890 Research program.

Capital Asset and Debt Administration

The University's statement of net position reflects total capital assets, net of accumulated depreciation, as of June 30, 2014 of \$124.6 million. This amount is presented net of accumulated depreciation and includes land, plant (facilities), equipment, and construction in progress.

The University's financial statements reflect \$73.3 million in notes and bonds payable. The University's bonded indebtedness consisted of: State institution bonds of \$26.8 million, student residential life building revenue notes of \$36.3 million, State Treasurer's Office Master Loan Program of \$4.3 million, and State Budget Control Board loan of \$6 million. Revenue bonds for state institution bonds and student housing notes are paid with pledged net revenues. For additional information on debt administration, see Notes 8, 9, and 10 in the notes to the financial statements.

New capital equipment and machinery, with an individual cost of \$5,000 per item, increased during the fiscal year by \$0.4 million. See Note 5 for further detail of the capital assets.

South Carolina State University

Management's Discussion and Analysis (unaudited)

Economic Outlook

South Carolina State University for the current year experienced an increase in state appropriations (general and capital fund for deferred maintenance) of \$1.1 million after experiencing several years of dramatic declines (these significant decreases were experienced by all public institutions in South Carolina and throughout the country). State funds are allocated through the South Carolina General Assembly appropriations process. In order to meet the challenges of possible appropriation reductions the administration meets continually, reviews all programs and decisions are made that are in the best interest of the students and the University. The University has also strengthened and heightened its recruitment and fundraising efforts to assist in addressing the financial needs and increasing enrollment. Increasing enrollment will be the key to reducing and eliminating operating deficits and increasing unrestricted cash resources. One major cost to the University is deferred maintenance, which the University funds through general revenues as well as through state appropriations.

More Information

This financial report is designed to provide a general overview of the University's finances and to demonstrate the University's accountability for the funds it receives. Any questions regarding this report or requests for information may be addressed to the Vice President for Fiscal Affairs, James Openshaw; 300 College Street, N.E. PO Box 7007; Orangeburg, South Carolina 29117-0001.

Financial Statements

South Carolina State University

Statement of Net Position

June 30,

2014

Assets

Current Assets

Cash and cash equivalents	\$	4,335,497
Restricted cash and cash equivalents		6,941,767
Student accounts receivable (net of allowance for doubtful accounts of \$2,128,254)		1,619,469
Grants and contracts receivable		2,514,070
Other receivables		207,897
Prepaid expenses and other assets		805,470

Total Current Assets		16,424,170
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Noncurrent Assets

Restricted cash and cash equivalents		4,218,586
Student loans receivables (net of allowance for doubtful accounts of \$1,353,153)		3,265,194
Investments		111,575
Capital assets (net of accumulated depreciation of \$72,203,149)		124,615,165

Total Noncurrent Assets		132,210,520
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Total Assets	\$	148,634,690
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South Carolina State University

Statement of Net Position

June 30,

2014

Liabilities and Net Assets

Liabilities

Current Liabilities

Accounts payable and accrued expenses	\$	13,911,101
Accrued payroll and related liabilities		1,668,031
Unearned revenues		2,212,273
Student deposits		177,456
Funds held for others		76,617
Accrued interest payable		951,407
Compensated absences payable, current portion		1,325,496
Notes and bonds payable, current portion		9,518,048

Total Current Liabilities		29,840,429
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Noncurrent Liabilities

Compensated absences payable, long-term portion		1,573,154
Notes and bonds payable, long-term portion		63,824,873
Federal loan fund contributions		2,016,213

Total Noncurrent Liabilities		67,414,240
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Total Liabilities	\$	97,254,669
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Net Position

Net investment in capital assets	\$	57,128,853
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Restricted for:

Nonexpendable:

Endowed professorships and scholarships		764,691
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Expendable:

Student loans		2,499,296
Debt service		4,360,333
Capital project		2,658,972
Research and other specific programs		1,057,155

Unrestricted		(17,089,279)
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Total Net Position	\$	51,380,021
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See accompanying notes to financial statements.

South Carolina State University

Statement of Revenues, Expenses, and Changes in Net Position

Year Ended June 30,

2014

Revenues

Operating Revenues

Student tuition and fees (net of scholarship allowances of \$8,359,980)	\$	27,087,322
Student tuition and fees pledged for debt service		3,012,052
Federal grants and contracts		15,622,573
State grants and contracts		4,852,396
Nongovernmental grants and contracts		133,940
Sales and services of educational and other activities		3,261,631
Sales and services of auxiliary enterprises (net of scholarship allowances of \$2,887,005)		5,618,983
Sales and services of auxiliary enterprises pledged for debt service		4,260,139
Other operating revenues		977,441

Total Operating Revenues		64,826,477
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Expenses

Operating Expenses

Salaries and wages	39,087,188
Employee benefits	12,413,578
Services and supplies	26,648,424
Utilities	3,598,835
Scholarships	14,070,182
Depreciation and amortization	5,637,614

Total Operating Expenses	101,455,821
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Net Operating Loss	(36,629,344)
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Nonoperating Revenues (Expenses)

State appropriations	18,402,331
Federal grants	11,106,875
Gifts	76,095
Interest and other investment income	229,568
Interest expense	(4,051,103)

Net Nonoperating Revenues	25,763,766
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Net Loss Before Other Revenues, Expenses, Gains or Losses	(10,865,578)
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State capital appropriations	518,277
Capital grants and gifts	23,150

Change in Net Position	(10,324,151)
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Net Position, beginning of year	61,704,172
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Net Position, end of year	\$ 51,380,021
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See accompanying notes to financial statements.

South Carolina State University

Statement of Cash Flows

Year Ended June 30,

2014

Operating Activities

Student tuition and fees	\$	29,445,446
Grants and contracts		22,532,534
Sales and services of educational and other activities		3,212,231
Sales and services of auxiliary enterprises		9,729,496
Receipts from other operating revenues		1,246,151
Payments to employees for salaries and benefits		(51,833,645)
Payments to suppliers for goods and service		(22,407,772)
Payments to students		(14,070,182)
Inflows from Federal direct loans		32,859,681
Outflows from Federal direct loans		(32,851,455)
Loans issued to students		(69,482)
Collection of loans issued to students		330,528
Receipts of funds held for others		2,748,931
Payments of funds held for others		(2,692,146)

Net Cash Used by Operating Activities (21,819,684)

Noncapital Financing Activities

State appropriations	18,402,331
Federal grants and contracts	11,106,875
Gifts	76,095
Proceeds from noncapital debt	5,500,000

Net Cash Provided by Noncapital Financing Activities 35,085,301

Capital Debt and Related Financing Activities

State capital appropriations	518,277
Purchases of capital assets	(1,289,037)
Principal paid on capital debt	(3,153,128)
Principal paid on capital lease payable	(71,855)
Interest paid on capital related debt	(3,931,937)

Net Cash Used by Capital Debt and Related Financing Activities (7,927,680)

Investing Activities

Interest on deposits and investments	219,363
Purchase of investments	(3,079)

Net Cash Provided by Investing Activities 216,284

Net Change in Cash and Cash Equivalents 5,554,221

Cash and Cash Equivalents, beginning of year 9,941,629

Cash and Cash Equivalents, end of year \$ 15,495,850

South Carolina State University

Statement of Cash Flows

Year Ended June 30,

2014

Reconciliation of Net Operating Loss to Net Cash Used by

Operating Activities

Net operating loss	\$	(36,629,344)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense		5,623,474
Changes in assets and liabilities:		
Student accounts receivable, net		(255,644)
Grants and contracts receivables		2,113,920
Other receivables		276,936
Prepaid expenses and other assets		(138,302)
Student loan receivable, net		221,691
Accounts payable and accrued expenses		7,991,929
Accrued payroll and related liabilities		(167,050)
Unearned revenues		(589,557)
Student deposits		(198,048)
Funds held for others		56,785
Compensated absences payable		(165,829)
Federal loan fund contributions		39,355

Net Cash Used by Operating Activities	\$	(21,819,684)
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Noncash Transactions

Decrease in fair value of deposits and investments	\$	(21,587)
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Total Noncash Transactions	\$	(21,587)
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Reconciliation of Cash and Cash Equivalent Balances

Current Assets:

Cash and cash equivalents	\$	4,335,497
Restricted cash and cash equivalents		6,941,767

Noncurrent Assets:

Restricted cash and equivalents		4,218,586
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Total Cash and Cash Equivalents	\$	15,495,850
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See accompanying notes to financial statements.

Discretely Presented Component Units

South Carolina State University Foundation, Inc.

Statement of Financial Position

December 31, 2013

Assets

Cash and cash equivalents	\$ 664,984
Pledges receivable, net	13,206
Investments	6,684,995
Art collections	469,865
Land	23,700

Total Assets	\$ 7,856,750
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Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 10,044
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Total Liabilities	\$ 10,044
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Net Assets

Unrestricted	\$ 69,020
Temporarily restricted	3,390,579
Permanently restricted	4,387,107

Total Net Assets	7,846,706
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Total Liabilities and Net Assets	\$ 7,856,750
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See accompanying notes to financial statements.

South Carolina State University Foundation, Inc.

Statement of Activities

<i>Year ended December 31, 2013</i>	Unrestricted	Temporarily Restricted	Permanent Restricted	Total
Revenues				
Contributions	\$ 37,610	\$ 1,735,941	\$ 276,423	\$ 2,049,974
Investment income	387,139	188,358	-	575,497
Net assets released from restrictions	1,490,726	(1,490,726)	-	-
Total Revenues	1,915,475	433,573	276,423	2,625,471
Expenses				
Program				
Scholarships	491,806	-	-	491,806
Educational programs and development	750,135	-	-	750,135
Total Program Expenses	1,241,941	-	-	1,241,941
Management and general	275,398	-	-	275,398
Fund-raising	32,604	-	-	32,604
Total Expenses	1,549,943	-	-	1,549,943
Change in Net Assets	365,532	433,573	276,423	1,075,528
Net Assets, beginning of year	(296,512)	2,957,006	4,110,684	6,771,178
Net Assets, end of year	\$ 69,020	\$ 3,390,579	\$ 4,387,107	\$ 7,846,706

See accompanying notes to financial statements.

South Carolina State University Advancement Foundation

Statement of Financial Position

June 30, 2014

Assets

Cash	\$ 48,231
Accounts receivable	1,255
Investments	254,910
Equipment (net of accumulated depreciation of \$1,375)	41

Total Assets	\$ 304,437
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Liabilities and Net Assets

Net Assets

Unrestricted	\$ 304,437
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Total Liabilities and Net Assets	\$ 304,437
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See accompanying notes to financial statements.

South Carolina State University Advancement Foundation

Statement of Activities

<i>Year ended June 30,</i>		2014
Revenues		
Contributions	\$	146,510
Investment income		10,196
Net realized gains on investmnts		2,326
Net assets released from restrictions		17,717
Total Revenues		176,749
Expenses		
Program		
Contributions expenses		126,510
Total Program Expenses		126,510
Supporting services		
Bank fees		523
Depreciation		82
Investment fees		3,482
Office expenses and supplies		421
Professional fees		12,625
Rent		2,125
Telephone		2,098
Travel		222
Total Expenses		148,088
Change in Net Assets		28,661
Net Assets, beginning of year		275,776
Net Assets, end of year	\$	304,437

See accompanying notes to financial statements.

South Carolina State University

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of Operations

South Carolina State University (the "University") is a coeducational institution of higher education supported by the State of South Carolina (the "State"). The University serves local, regional, state, national, and international communities by providing academic instruction, conducting research and other activities that advance fundamental knowledge, and by disseminating knowledge to the public.

Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, consists of the primary government and its component units. Component units are legally separate organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete. The accompanying financial statements present only that portion of the funds of the State of South Carolina that is attributable to the transactions of the University and its component units unless otherwise unavailable as discussed below.

South Carolina State University Foundation, Inc. (the "Foundation") is a legally separate, tax-exempt component unit of the University. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a component unit of the University, and is discretely presented in the University's financial statements. Copies of the separately issued financial statements of the Foundation can be obtained by sending a request to South Carolina State University Foundation, Post Office Box 7187, Orangeburg, South Carolina 29117.

South Carolina State University Advancement Foundation Incorporated (the "Advancement Foundation") is a legally separate tax-exempt component unit of the University. This non-profit foundation is a "public benefit" corporation, organized and designed for advancement of the University's missions and to serve as the repository for proceeds generated from outsource enterprises, fund development initiatives and other special institutional campaigns. Since the Advancement Foundation was created to support the University, the Advancement Foundation is considered a component unit of the University, and is discretely presented in the University's financial statements. Copies of the most recently available and separately issued financial statements of the Advancement Foundation can be obtained by sending a request to South Carolina State University Advancement Foundation, 1201 Main Street, Suite 1980, Columbia, South Carolina 29201.

The University is a nonmajor discretely presented component unit of the State of South Carolina.

South Carolina State University

Notes to Financial Statements

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The Foundations are private nonprofit organizations that reports under Financial Accounting Standards Board ("FASB") reporting requirements, including FASB Accounting Standards Codification Topics relevant to not-for-profit entities. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundations' financial information in the University's financial reporting entity for these differences. The Foundations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

For purposes of the financial statements, the University considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments

The University accounts for its investments at fair value in accordance with GASB Codification Section 150, *Investments*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position. The Foundations' investment in securities and donated negotiable assets are stated at market value. Investment income is reported net of investment fees and service charges.

Receivables

Student accounts receivable consists of tuition and fees charged to students, and auxiliary enterprise sales and services provided to students, faculty, and staff. Student accounts receivable are recorded net of estimated uncollectible amounts.

Grants and contracts receivable include amounts due from the federal, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts and for reimbursements of other expenses.

South Carolina State University

Notes to Financial Statements

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements, and 2 to 25 years for machinery, equipment, and vehicles. Depreciation is calculated based on the number of months the item is in use during the year.

The University capitalizes as a component of construction in progress interest costs in excess of earnings on debt associated with the capital projects; therefore asset values in capital assets include such interest costs.

Unearned Revenues

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned, and the unamortized portion of the unearned capital contributions from outside contributors.

Student Deposits

Deposits include dormitory room deposits, advance tuition payments, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is non-refundable to the student under the forfeit terms of the agreement.

Compensated Absences Payable

Employee vacation pay expense is accrued at year end for financial statement purposes. The liability and expense incurred are recorded at year end as compensated absences payable in the statement of net position, and as components of compensation expenses in the statement of revenues, expenses, and changes in net position.

Federal Perkins Loans Receivable and Related Federal Loan Fund Contributions

Certain student loans receivable on the statement of net position are due to the University under the Federal Perkins Loan Program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan fund

South Carolina State University

Notes to Financial Statements

contributions is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program that would have to be repaid to the federal government if the University ceases to participate in the program. The University recognizes as revenue and expenses only the portion attributable to its matching contribution.

Net Position

The University's Net Position is classified as follows:

Net investment in capital assets: This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - nonexpendable: Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Restricted net position - expendable: Restricted expendable net position include resources in which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used at the discretion of the governing board to meet current expenses. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. The University's policy for applying expenses that can use both restricted and unrestricted resources is delegated to the departmental administrative level. General practice is to first apply the expense to restricted resources then to unrestricted resources.

Income Taxes

The University, as a political subdivision of the State of South Carolina, is generally excluded from federal and state income taxes under the applicable federal and state statutes and regulators on income. Certain transactions and activities of the University may be subject to taxation as unrelated business income.

The Foundation and Advancement Foundation are private not-for-profit foundations within the definition of Section 509(a) of the Internal Revenue Code and are exempt from taxes under Section 501(c)(3).

South Carolina State University

Notes to Financial Statements

Classification of Revenues and Expenses

The University has classified its revenues and expenses as either operating or nonoperating according to the following criteria:

Operating revenues and expenses: Operating revenues generally result from exchange transactions to provide goods or services related to the University's principal on-going operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. Operating expenses include all expense transactions incurred other than those related to investing capital or noncapital financing activities.

Nonoperating revenues and expenses: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Nonoperating expenses include interest paid on capital asset related debt, losses on disposal of capital assets, and refunds to grantor.

Sales and Services of Educational Departments and Other Activities

Revenues from sales and services of educational departments and other activities generally consist of amounts received from athletic programs, laboratory school and other activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public.

Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues are primarily generated by the dormitories, dining services, bookstore and health center.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures and affect disclosure of contingent assets and liabilities as of the date of the financial statements. Actual results could differ from those estimates.

Donor Restricted Assets

The University policy for the treatment of net appreciation (depreciation) on investments of donor restricted endowments increases or decreases the principal. These amounts are not authorized for expenditure.

South Carolina State University

Notes to Financial Statements

2. Cash and Cash Equivalents, Deposits and Investments

Most deposits and investments of the University are under the control of the State Treasurer who, by law, has sole authority of investing State funds. Certain restricted deposits and investments are held by financial institutions.

The following are cash and cash equivalents, deposits and investments (at cost) as of:

<i>Statement of Net Position</i>	South Carolina State University June 30, 2014	South Carolina State University Foundation, Inc. December 31, 2013	South Carolina State University Advancement Foundation June 30, 2014
Current - cash and cash equivalents	\$ 4,335,497	\$ 664,984	\$ 48,231
Current - restricted cash and cash equivalents:			
Loan funds	1,020,529	-	-
Debt service	245,638	-	-
Research and other specific programs	5,675,600	-	-
Total current restricted cash and cash equivalents	6,941,767	-	-
Noncurrent restricted cash and cash equivalents:			
Capital projects	3,537,434	-	-
Endowments	681,152	-	-
Total noncurrent restricted cash and cash equivalents	4,218,586	-	-
Investments	111,575	6,684,995	254,910
Total	\$ 15,607,425	\$ 7,349,979	\$ 303,141

Deposits

Cash on hand	\$ 280	\$ -	\$ -
Deposits held by State Treasurer	3,324,202	-	-
Deposits held by financial institution	12,282,979	7,349,979	303,141
Total	\$ 15,607,425	\$ 7,349,979	\$ 303,141

South Carolina State University

Notes to Financial Statements

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the University's deposits may not be returned to it. For deposits held by the State Treasurer, State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's deposits is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and credit risk of the State Treasurer's investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

The University's and the Foundations' other deposits are entirely insured or collateralized with securities held by the entity or by its agent in the entities name, or collateralized with securities held by the pledging financial institution's Trust Department or Agent in the entity's name.

Investments Held by State Treasurer

At June 30, 2014, the University's investments held by State Treasurer are as follows:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Maturity</i>
Common Stock	\$ 15,675	NA
Series 1984 Agricultural College Stock	95,900	2035
Total	\$ 111,575	

Investments Held by State Treasurer

These investments consist of Series 1984 Agricultural College stock with a carrying amount of \$95,900 held by the State Treasurer until they mature in 2035. While outstanding, the State is required to pay the University 6% per year.

The investment types listed above include all investment types in which monies were held throughout the fiscal year and the balances therein fluctuated minimally in excess of the fiscal year end balances.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Concentration of credit risk is the risk of loss attributed to the magnitude of the University investment in a single issuer. The University does not have a formal investment policy that requires investments to be spread among more than a single issuer.

South Carolina State University

Notes to Financial Statements

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University does not have a formal policy for handling investment credit risk.

Custodial credit risk occurs in the event that investment securities are uninsured and are not registered in the name of the University, and there is a failure of the counterparty. At year end, the University was not exposed to custodial credit risk. The U.S. Government securities are on deposit with the University's fiduciary agent, which holds these securities by book entry in its fiduciary Federal Reserve accounts. The University's ownership of these securities is identified through the internal records of the fiduciary agent.

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The University is not at risk for foreign currency risk.

Investments - Nongovernmental Discretely Presented Component Unit

Investment earnings in pooled or common investments in which multiple funds are invested are allocated among the funds in a proportion of each fund's beginning fair value total.

South Carolina State University Foundation, Inc.

At December 31, 2013, South Carolina State University Foundation, Inc.'s investments are as follows:

<i>Investments carried at fair value</i>	Cost	Fair Value
Cash and money market funds	\$ 221,130	\$ 221,130
Equities	2,902,489	3,283,175
Mutual funds	51,489	261,007
Fixed income	1,783,226	1,768,139
Real estate investment trust	362,000	341,565
Hedge funds	566,000	563,424
Commodities	200,391	194,213
Certificates of deposit	52,342	52,342
Total investments carried at fair value	\$ 6,139,067	\$ 6,684,995

South Carolina State University

Notes to Financial Statements

South Carolina State University Advancement Foundation

At June 30, 2014, South Carolina State University Advancement Foundation investments are as follows:

<i>Investments carried at fair value</i>	Cost	Fair Value
UBS Portfolio Endow.	\$ 217,670	\$ 253,224
UBS Portfolio Endow. Ath.	1,195	1,195
UBS Portfolio Scholarships	491	491
Total investments carried at fair value	\$ 219,356	\$ 254,910

3. Student Accounts and Loans Receivable

Student accounts receivable as of June 30, 2014, are summarized as follows:

	Tuition and Fees	Auxiliary Services	Total
Student accounts receivable	\$ 2,735,838	\$ 1,011,885	\$ 3,747,723
Less allowance for doubtful accounts	(1,553,625)	(574,629)	(2,128,254)
Net student accounts receivable	\$ 1,182,213	\$ 437,256	\$ 1,619,469

Student loans receivable consisted of the following:

<i>June 30,</i>	2014
Federal Perkins Loan Program	\$ 1,704,498
African American Loan Fund	1,230,503
Education Improvement Act	1,683,346
Gross student loans receivable	4,618,347
Less allowance for doubtful accounts	(1,353,153)
Net student loans receivable	\$ 3,265,194

Allowances for doubtful accounts are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

South Carolina State University

Notes to Financial Statements

4. Grants and Contracts Receivable

Grants and contracts receivable consisted of the following:

<i>June 30,</i>	2014
Federal	\$ 2,403,060
State	99,895
Nongovernmental	11,115
Total grants and contracts receivable	\$ 2,514,070

5. Capital Assets

Capital assets activity for the year ended June 30, 2014 is summarized as follows:

	Beginning Balance July 1, 2013	Increases	Decreases	Ending Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 2,573,180	\$ -	\$ -	\$ 2,573,180
Construction in-progress	-	61,342	-	61,342
Total capital assets not being depreciated	2,573,180	61,342	-	2,634,522
Depreciable capital assets:				
Land improvements	2,824,186	-	-	2,824,186
Buildings	173,507,695	828,271	-	174,335,966
Machinery, equipment, and other	15,096,543	422,575	-	15,519,118
Vehicles	1,504,522	-	-	1,504,522
Total capital assets being depreciated	192,932,946	1,250,846	-	194,183,792
Less accumulated depreciation for:				
Land improvements	(608,683)	(127,755)	-	(736,438)
Buildings	(55,156,510)	(3,770,656)	-	(58,927,166)
Machinery, equipment, and other	(9,538,444)	(1,625,629)	-	(11,164,073)
Vehicles	(1,276,037)	(99,435)	-	(1,375,472)
Total accumulated depreciation	(66,579,674)	(5,623,475)	-	(72,203,149)
Total capital assets being depreciated, net	126,353,272	(4,372,629)	-	121,980,643
Capital assets, net	\$ 128,926,452	\$ (4,311,287)	\$ -	\$ 124,615,165

South Carolina State University

Notes to Financial Statements

6. Unearned Revenues

Unearned revenues consisted of the following:

<i>June 30,</i>	<i>2014</i>
Academic and other fees - second summer session	\$ 865,298
Sponsored research and other programs	390,884
Bond premium deferred interest	244,470
Donated capital gift	550,476
Athletic event receipts - fall semester	161,145
Total unearned revenues	\$ 2,212,273

7. Lease Obligations

The University acquired musical instruments under capital lease which commenced in July 2009. The economic substance of the lease was that the University is financing the acquisition of the assets through the lease and, accordingly, they were recorded in the University's assets and liabilities. The capital lease was paid in full during the fiscal year end June 30, 2014. Total capital lease payments were \$71,855 for fiscal year 2014.

Amortization of assets held under capital lease is included within depreciation expense. At June 30, 2014, the musical instruments, which were acquired in July 2009, are carried at a cost of \$359,270 and fully depreciated at June 30, 2014.

The future minimum lease payments for noncancelable operating leases at June 30, 2014 are as follows:

<i>Year ending June 30,</i>	<i>Operating Leases</i>
2015	\$ 642,815
2016	491,213
2017	122,803
Total minimum lease payments	\$ 1,256,831

The above payment schedule relates to noncancelable operating leases having remaining terms of more than one year and expiring in various fiscal years from 2015 to 2017. Certain operating leases provide for renewal options for periods three to five years at their fair rental value at the end of their lease term. Total operating lease payments were \$861,640 for fiscal year 2014.

South Carolina State University

Notes to Financial Statements

8. Bonds and Notes Payable

Bonds and notes payable consisted of the following at June 30, 2014:

	Interest Rates	Maturity Dates	Balance
General Obligation Bonds, Series 2003G	3.00-4.125%	2006-2023	\$ 2,280,000
General Obligation Bonds, Series 2006D	4.00-5.00%	2007-2027	24,515,000
Total Bonds Payable			26,795,000
Note Payable - Student Housing Part 2	5.830%	2013-2035	36,256,297
Note Payable - Master Lease Note 1	3.888%	2013-2017	213,772
Note Payable - Master Lease Note 2	3.836%	2013-2017	148,997
Note Payable - Master Lease Note 3	3.613%	2013-2019	434,029
Note Payable - Master Lease Note 4	5.079%	2013-2019	929,861
Note Payable - Master Lease Note 5	4.130%	2013-2019	2,526,440
Note Payable Energy Stimulus Loan	0.000%	2013-2020	41,525
Note Payable - Recovery Loan	*	2015	6,000,000
Total Notes Payable			46,547,921
Total Bonds and Notes Payable			\$73,342,921
Current			9,518,048
Noncurrent			63,824,873
Total Bonds and Notes Payable			\$73,342,921

*As of January 6, 2015 (the date of the auditor's report on the 2014 financial statements of the University) the interest rate on the principal balance of the recovery loan had yet to be determined.

South Carolina State University

Notes to Financial Statements

General Obligation Bonds

The General Obligation Bonds, Series 2003G mature serially and after June 1, 2014 are subject to redemption in whole or if in part on June 1, 2013 and all subsequent payment dates in inverse chronological order of maturity, at the option of the State of South Carolina, at the following redemption prices: June 1, 2013 and December 1, 2013 at 101%; June 1, 2014 and thereafter at par. State of South Carolina did not redeem the bonds on June 1, 2013. Interest is payable semi-annually at rates from 3.00% to 4.125%.

The General Obligation Bonds, Series 2006D mature serially each October beginning in 2007 with final maturity in 2027. Bonds maturing on or after October 2017 may be redeemed by the State in any order determined by the State after that date, at par plus accrued interest. Interest is payable each April and October 1, beginning in 2007 at rates from 4.00% to 5.00%.

The Constitution of the State of South Carolina requires that the amount of the University's required debt service does not exceed 90% of pledged tuition revenues received for the preceding year. Tuition revenue is pledged up to the amount of the annual debt requirements for the payment of principal and interest on General Obligation Bonds. Tuition fees used to calculate the University's debt service limit on bonded indebtedness for the preceding year were \$3,043,501 which results in a legal annual debt service at June 30, 2014 of \$2,739,151. The annual debt service payments for the fiscal year ended June 30, 2014 were \$2,698,186. Tuition revenue pledged in fiscal year 2014 was \$3,012,052 which results in a legal debt limit of \$2,710,847.

Scheduled maturities of General Obligation Bonds at June 30, 2014 are as follows:

General Obligation Bonds Series 2003G and

<i>2006D</i>	Principal	Interest	Total
2015	\$ 1,580,000	\$ 1,129,244	\$ 2,709,244
2016	1,640,000	1,052,194	2,692,194
2017	1,710,000	971,869	2,681,869
2018	1,780,000	888,369	2,668,369
2019	1,860,000	808,969	2,668,969
2020-2024	10,605,000	2,797,450	13,402,450
2025-2027	7,620,000	495,550	8,115,550
Total	\$ 26,795,000	\$ 8,143,645	\$ 34,938,645

Notes Payable - Student Housing

Notes payable to construct housing facilities in 2006 were financed in two parts from the proceeds of two tax-exempt bond issues made by the lending private financial institution through Capital Loan Agreement ("Agreement") under the Historically Black Colleges and Universities ("HBCU") Capital Financing Program. The first part was fully retired in 2012. The second part is payable in semi-annual installments of approximately \$1,431,416 beginning in 2013 until it matures in 2035. The loan is secured by the revenues from the housing facility.

South Carolina State University

Notes to Financial Statements

The University established an escrow account in accordance with the Agreement and assigned all of its rights and interests to the trustee for the lending financial institution. The use of the escrow funds are governed, in part, by a trust indenture which provides for claims against the escrow account for a share of defaulted loans of other borrowers participating in the HBCU Capital Financing Program. The balance of escrow account in the amount of \$1,414,734 is included in noncurrent restricted cash and cash equivalents for debt service at June 30, 2014.

The Agreement contains various performance covenants and limits the incurrence of new debt by the University. Certain covenant requires the net housing revenues are equal to at least 125% of maximum annual debt service and such that revenues are equal to at least 100% of operating expenses, maximum annual debt service and escrow account payments. As of June 30, 2014, the University was compliant with its financial metric loan covenants. In January 2015, the University obtained an extension through February 15, 2015 for its financial reporting submission loan covenants that required the University to submit its audited 2014 financial statements within 180 days from June 30, 2014.

Scheduled maturities of notes payable - student housing part II at June 30, 2014 are as follows:

Notes Payable - Student Housing

<i>Part II</i>	Principal	Interest	Total
2015	\$ 911,325	\$ 1,951,505	\$ 2,862,830
2016	1,041,635	1,821,197	2,862,832
2017	1,096,085	1,766,747	2,862,832
2018	1,153,605	1,709,228	2,862,833
2019	1,213,555	1,649,278	2,862,833
2020-2024	7,087,071	7,227,090	14,314,161
2025-2029	9,160,729	5,153,432	14,314,161
2030-2034	11,837,603	2,484,558	14,322,161
2035	2,754,689	108,141	2,862,830
Total	\$ 36,256,297	\$ 23,871,176	\$ 60,127,473

Notes Payable - Master Lease

The University issued two notes payable in 2007 in order to acquire certain equipment. The first note requires annual payments of \$76,868 at annual interest of 3.80% and matures in March 2017. The second note requires annual payments of \$53,523 at annual interest of 3.8355% and matures in May 2017.

In fiscal year 2009, the University issued two additional notes payable in order to acquire certain equipment. The note in the amount of \$925,000 was issued on September 25, 2008 which requires a quarterly payment of \$27,656 at annual interest of 3.6125% and matures in September 2018. The other note in the amount of \$1,647,000 was issued on June 24, 2009 which requires a quarterly payment of \$52,769 at annual interest of 5.079% and matures in June 2019.

In fiscal year 2010, the University issued an additional note payable in order to acquire additional equipment. The note in the amount of \$4,700,960 was issued on June 25, 2010 which requires a

South Carolina State University

Notes to Financial Statements

quarterly payment of \$176,556 until 2015 and \$107,471 thereafter at annual interest of 4.3788%. The note matures in June 2020.

Scheduled maturities of notes payable - master leases at June 30, 2014 are as follows:

<i>Note Payable - Master Lease Note 1</i>	Principal	Interest	Total
2015	\$ 68,558	\$ 8,310	\$ 76,868
2016	71,223	5,645	76,868
2017	73,991	2,877	76,868
Total	\$ 213,772	\$ 16,832	\$ 230,604

<i>Note Payable - Master Lease Note 2</i>	Principal	Interest	Total
2015	\$ 47,809	\$ 5,715	\$ 53,523
2016	49,642	3,881	53,523
2017	51,546	1,977	53,524
Total	\$ 148,997	\$ 11,573	\$ 160,570

<i>Note Payable - Master Lease Note 3</i>	Principal	Interest	Total
2015	\$ 96,239	\$ 14,385	\$ 110,624
2016	99,763	10,861	110,624
2017	103,416	7,208	110,624
2018	107,203	3,421	110,624
2019	27,408	248	27,656
Total	\$ 434,029	\$ 36,123	\$ 470,153

<i>Note Payable - Master Lease Note 4</i>	Principal	Interest	Total
2015	\$ 167,147	\$ 43,927	\$ 211,074
2016	175,800	35,274	211,074
2017	184,901	26,173	211,074
2018	194,473	16,601	211,074
2019	204,540	6,534	211,074
Total	\$ 926,861	\$ 128,509	\$1,055,370

South Carolina State University

Notes to Financial Statements

<i>Note Payable - Master Lease Note 5</i>	Principal	Interest	Total
2015	\$ 605,445	\$ 100,779	\$ 706,224
2016	351,483	78,400	429,883
2017	367,129	62,754	429,883
2018	383,471	46,412	429,883
2019	400,541	29,342	429,883
2020	418,371	11,512	429,883
Total	\$ 2,526,440	\$ 329,199	\$ 2,855,639

Notes Payable Energy Stimulus Loan

In fiscal year 2011, the University obtained a loan from South Carolina State Energy Office which is funded through the State Energy Program-American Recovery and Reinvestment Act, for energy efficiency and renewable energy improvements in the amount of \$124,574. The loan is free of interest and payable in three years starting 2013 through 2015.

Scheduled maturities of notes payable energy stimulus loan at June 30, 2014 are as follows:

	Principal	Interest	Total
2015	\$ 41,525	\$ -	\$ 41,525
Total	\$ 41,525	\$ -	\$ 41,525

Note Payable Recovery Loan

In fiscal year 2014, the University entered into a loan (the "Recovery Loan") with the State Budget and Control Board to meet certain obligations. These obligations included debt service and other secured obligations, payroll and other critical operating expenses, and miscellaneous accounts payables. Total borrowings under the Recovery Loan are \$6,000,000, of which \$500,000 shall be used for consulting and auditing services to help the University assess and improve its financial management and various operational, administrative and governance practices. The University is obligated to repay the outstanding principal balance on or before June 30, 2015. As of January 6, 2015 (the date of the auditor's report on the 2014 financial statements of the University) the interest rate and installment payments on the principal balance of the Recovery Loan had yet to be determined.

South Carolina State University

Notes to Financial Statements

The University reported principal payments and interest expense related to the bonds and notes payable for the year ended June 30, 2014 as follows:

<i>Bond and Note</i>	<i>Principal</i>	<i>Interest</i>
General Obligation Bonds, Series 2003G	\$ 200,000	\$ 93,223
General Obligation Bonds, Series 2006D	1,315,000	1,089,963
Note Payable - Student Housing Part 2	450,973	2,229,962
Note Payable - Master Lease Note 1	65,992	10,181
Note Payable - Master Lease Note 2	46,043	7,260
Note Payable - Master Lease Note 3	115,532	17,785
Note Payable - Master Lease Note 4	197,413	52,154
Note Payable - Master Lease Note 5	720,650	126,581
Note Payable Energy Stimulus Loan	41,525	-
Total	\$ 3,153,128	\$ 3,627,109

9. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2014 was as follows:

	June 30, 2013	Additions	Reductions	June 30, 2014	Due within one year
Compensated absences payable	\$ 3,064,479	\$ 1,141,479	\$ 1,307,308	\$ 2,898,650	\$ 1,325,496
Capital lease	71,855	-	71,855	-	-
General obligation bonds payable	28,310,000	-	1,515,000	26,795,000	1,580,000
Notes payable	42,186,049	6,000,000	1,638,128	46,547,921	7,938,048
Total	\$ 73,632,383	\$ 7,141,479	\$ 4,532,291	\$ 76,241,571	\$ 10,843,544

Additional information regarding bonds payable is included in Note 8.

10. Contingencies, Litigation, and Project Commitments

The University is a party to various lawsuits arising out of the normal conduct of its operations. In the opinion of University management, there are no material claims or lawsuits against the University that are not covered by insurance or whose settlement would materially affect the University's financial position.

The University participates in certain federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

South Carolina State University

Notes to Financial Statements

The University had outstanding commitments under construction contracts of approximately \$94,250 for capital projects. The University anticipates funding these projects out of General Obligation Bonds.

The University is contingently liable, under the Capital Project Loan Agreement described in Note 8, for a portion of certain notes payable of other HBCU's under the HBCU Capital Financing program. The liability is limited to 5% of the cumulative advances under the Capital Project Loan Agreement. The contingent liability is secured by the South Carolina State University Escrow Account, also described in Note 8. As of June 30, 2014, total charges of \$28,115 have been made against the Escrow Account pursuant to the default of another borrower in the HBCU Capital Finance Program.

11. Pension Plan

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report ("CAFR") which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to the Retirement Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16 of the South Carolina Constitution requires that all State operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

The majority of employees of the University are covered by a retirement plan through the South Carolina Retirement System ("SCRS"), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally, all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

Since July 1, 2006, employees participating in the SCRS have been required to contribute 6.5% of all compensation. Effective July 1, 2013, the employer contribution rate is 15.37% which included a 4.92% surcharge to fund retiree health and dental insurance coverage. The University's actual contributions to the SCRS for the three most recent fiscal years ended June 30, 2014, 2013, and 2012, were approximately \$2,721,906, \$2,896,032, and \$2,775,770, respectively, and equaled the required contributions of 10.45%, 10.45%, and 9.385% (excluding the surcharge) for respective year. Also, the University paid employer group-life insurance contributions of approximately \$39,070 in the current fiscal year at the rate of 0.15% of compensation.

South Carolina State University

Notes to Financial Statements

The South Carolina Police Officers Retirement System ("PORS") is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

Since July 1, 1988, employees participating in the PORS have been required to contribute 6.5% of all compensation. Effective July 1, 2013, the employer contribution rate is 17.36% which included the 4.92% surcharge. The University's actual contributions the PORS for the years ended June 30, 2014, 2013 and 2012 were approximately \$75,655, \$77,835, and \$81,397, respectively, and equaled the required contributions of 12.44%, 11.90%, and 11.36% (excluding the surcharge) for respective year. Also, the University paid approximately \$1,216 each for employer group-life insurance contributions and accidental death insurance contributions in the current fiscal year for PORS participants. The rate for each of these insurance benefits is 0.20% of compensation.

Certain State employees may elect to participate in the Optional Retirement Program ("ORP"), a defined contribution plan. The ORP was established in 1987 under Title 9, Chapter 17, of the South Carolina Code of Laws. The ORP provides retirement and death benefits through the purchase of individual fixed or variable annuity contracts which are issued to, and become the property of, the participants. The State assumes no liability for this plan other than for payment of contributions to designated insurance companies.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.45% plus the retiree surcharge of 4.92% from the employer in fiscal year 2014.

Certain employees of the University have elected to be covered under optional retirement plans. For the fiscal year, total contribution requirements to the ORP were approximately \$829,322 (excluding the surcharge) from the University as employer and approximately \$555,527 from its employees as plan members. 10% of the total contributions were remitted to the Retirement Division of the State Budget and Control Board. The balance was remitted directly to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Also, the University paid employer group-life insurance contributions of approximately \$11,904 in the current fiscal year at the rate of 0.15% of compensation.

South Carolina State University

Notes to Financial Statements

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans.

Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive ("TERI") Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, do not earn service credit, and are ineligible to receive group life insurance benefits or disability retirement benefits.

In accordance with the South Carolina Code of Laws and the annual Appropriation Act, the State of South Carolina provides certain health care, dental, and life insurance benefits to certain active and retired State employees and certain surviving dependents of retirees. All permanent full-time and certain permanent part-time employees of the University are eligible to receive these benefits. The State provides post-employment health and dental benefits to employees who retire from State service or who terminated with at least 20 years of State service who meet one or more of the eligibility requirements, such as age, length of service, and hire date. Generally, those who retire must have at least 10 years of retirement service credit to qualify for these State-funded benefits. Benefits are effective at date of retirement when the employee is eligible for retirement benefits. See note 12 for post-employment benefits other than pensions.

12. Post-employment Benefits Other Than Pensions

a. Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. "Agency" contributes to the Retiree Medical Plan ("RMP") and the Long-term Disability Plan ("LTDP"), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program ("EIP"), a part of the State Budget and Control Board ("SBCB"). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability ("BLTD") benefits are provided to active state, public school district and participating local government employees approved for disability.

South Carolina State University

Notes to Financial Statements

b. Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92%, 4.55%, and 4.30% of annual covered payroll for 2014, 2013, and 2012, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately \$1,701,887, \$1,687,711, and \$1,681,774 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014, 2013, and 2012, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium for BLTD and group life insurance per active employee paid to EIP was \$3.22 and \$0.34, respectively, for the fiscal year ended June 30, 2014.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contributions.

13. Related Parties

Certain separately chartered legal entities whose activities are related to those of the University exist primarily to provide financial assistance and other support to the University and its educational programs. They include the Foundation, Advancement Foundation and South Carolina State University Real Estate Foundation ("Real Estate Foundation").

In conjunction with GASB Codification Section 2600, *Reporting Entity and Component Unit Presentation and Disclosure*, management annually reviews its relationships with the related parties described in this note. The University recognizes the Foundation and Advancement Foundation as component units and has discretely presented the Foundation and Advancement Foundation herein. The University excluded the Real Estate Foundation from the reporting entity because it is not financially accountable for this entity.

In fiscal year 2014, the Foundation contributed \$11,917 to the University for scholarships and other supporting activities of the University. The University also received \$91,801 as reimbursement for salaries and office space. Included in other receivable in statement of net position is amount due from the Foundation totaling \$23,399 as of June 30, 2014.

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Notes to Financial Statements

The Real Estate Foundation, through its wholly owned South Carolina State University Housing, LLC, operates a student housing facility to be used exclusively for the University students. The University entered an agreement with South Carolina State University Housing, LLC. Under the agreement, the University provides management services to the Real Estate Foundation. These services include, among others, general management of the operations, marketing, occupancy and student resident selection as well as collection of dormitory fees charged to students. The University receives a management fee of 2% of collected revenues as compensation. In fiscal year 2014, the University paid the Real Estate Foundation \$1.9 million for dormitory fees collected from students. The University charged and billed the Real Estate Foundation a total of \$288,165 in fiscal year 2014 for management fees, reimbursement for telephone, copying equipment, salaries and benefits costs. The University received a payment from the Foundation \$233,959 in fiscal year 2014. At June 30, 2014, amounts due to and due from the Real Estate Foundation are as follows:

Due from the Real Estate Foundation, included in other receivables	\$	80,371
Due to the Real Estate Foundation, included in accounts payable	\$	892

14. State Appropriations and Contracts

The following are the appropriations as enacted by the General Assembly and reported in the financial statements for the year ended June 30, 2014:

	Educational and General	Public Service	Total
Noncapital Appropriations:			
Original appropriations per Annual Appropriations Act	\$ 12,457,557	\$ 3,020,244	\$ 15,477,801
Appropriation allocation from SC Education Lottery Fund	2,500,000	-	2,500,000
Appropriation allocations from the State Commission on Higher Education:			
For academic endowment	1,793	-	1,793
For technology funds	422,737	-	422,737
Total State noncapital appropriations recorded as current year revenue	\$ 15,382,087	\$ 3,020,244	\$ 18,402,331
Capital Appropriations:			
From SC Education Lottery Fund	\$ 518,277	\$ -	\$ 518,277
Total State capital appropriations recorded as current year revenue	\$ 518,277	\$ -	\$ 518,277

South Carolina State University

Notes to Financial Statements

State Grants and Contracts

Received from SC Commission on Higher Education:

HOPE Scholarships	\$	198,800
Life Scholarships		1,700,037
Palmetto Scholarships		35,000
Teaching Fellows		15,525
Need Based Grants		847,450
Education Improvement Act Loan		339,482
African American Teacher Loans		87,924
College of Business		279,504
SC National Guard CAP Scholarship		60,971
Higher Education Excellence Enhancement Program		497,256

Received from other agencies 790,447

Total state grants and contracts \$ 4,852,396

15. Operating Expenses by Function

Operating expenses by functional classification for the year ended June 30, 2014 are summarized as follows:

	Compensation and Employee Benefits	Service and Supplies	Utilities	Scholarships and Fellowships	Depreciation and Amortization	Grand Total
Instruction	\$ 22,214,381	\$ 1,657,811	\$ 125,567	\$ -	\$ -	\$ 23,997,760
Research	3,996,152	1,758,673	-	-	-	5,754,825
Public Service	2,418,928	1,366,536	21,091	-	-	3,806,555
Academic Support	3,229,509	837,077	-	-	-	4,066,586
Student Services	7,152,626	2,653,349	117,771	-	-	9,923,746
Institutional Support	11,426,158	6,079,686	-	-	-	17,505,844
Operations and Maintenance	59,539	4,488,302	2,071,117	-	-	6,618,958
Scholarships	-	-	-	14,070,182	-	14,070,182
Auxiliaries	1,003,473	7,806,990	1,263,388	-	-	10,073,751
Depreciation and Amortization	-	-	-	-	5,637,614	5,637,614
Total Operating Expenses	\$ 51,500,766	\$ 26,648,424	\$ 3,598,835	\$ 14,070,182	\$ 5,637,614	\$101,455,821

South Carolina State University

Notes to Financial Statements

16. Statement of Activities

The following information is provided for incorporation in the State of South Carolina Comprehensive Annual Financial Report:

<i>Year ended June 30,</i>	2014	2013	Increase (Decrease)
Charges for services	\$ 44,217,568	\$ 49,305,523	\$ (5,087,955)
Operating grants, contributions and investment income	32,021,447	36,784,490	(4,763,043)
Capital operating grants and contributions	23,150	-	23,150
Less expenses	(105,506,929)	(111,026,251)	5,519,327
Net program expenses	(29,244,759)	(24,936,238)	(4,308,521)
Transfers:			
State appropriations	18,920,608	19,144,347	(223,739)
Total transfers	18,920,608	19,144,347	(223,739)
Change in net position	(10,324,151)	(5,791,891)	(4,532,260)
Net position, beginning of year	61,704,172	67,496,063	(5,791,891)
Net position, ending of year	\$ 51,380,021	\$ 61,704,172	\$ (10,324,151)

17. Risk Management

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several state funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees: unemployment compensation benefits; worker's compensation benefits for job-related illnesses or injuries; health and dental insurance benefit; long-term disability and group-life insurance benefits. Employees can elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

South Carolina State University

Notes to Financial Statements

The University and other entities pay premiums to the State's Insurance Reserve Fund ("IRF"), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities: theft, damage to, or destruction of assets; real property, its contents, and other equipment; motor vehicles and watercraft; torts; business interruptions; Natural disaster; and Medical malpractice claims against covered employees. The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation and for health insurance for its student-athletes.

Statistical Section (unaudited)

South Carolina State University

Statistical Section (unaudited)

Overview

This section of the Comprehensive Annual Financial Report provides additional information as a context for understanding what the information in the financial statements and note disclosures says about the University's and the State of South Carolina's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the University's financial performance and well-being have changed over time.

Revenue Capacity

These schedules help the reader assess the factors affecting the University's ability to generate its operating revenues from tuition and fees.

Debt Capacity

These schedules present information to help the reader assess the affordability of the University's current levels of outstanding debt and the University's ability to issue additional debt in the future.

Operating Information

These schedules contain service and capital asset data to help the reader understand how the University's financial information relates to the services it provides.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the University's and the State's financial activities take place.

South Carolina State University

Statistical Section (unaudited)

Schedule of Revenues by Source

For the Year Ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(amounts expressed in thousands)										
Revenues:										
Operating Revenues:										
Student Tuition and Fees										
(net of scholarship allowance)	\$ 30,099	\$ 32,345	\$ 38,751	\$ 35,822	\$ 34,568	\$ 34,502	\$ 31,714	\$ 28,602	\$ 24,965	\$ 24,380
Federal Grants and Contracts	15,623	20,324	24,304	26,997	20,945	31,702	29,779	14,408	26,590	25,535
State Grants and Contracts	4,852	5,173	5,259	6,484	6,497	7,993	6,117	5,030	5,329	7,141
Non-Government Grants and Contracts	134	136	238	275	223	230	94	48	362	154
Sales and Services of Educational and Other Activities	3,262	4,100	3,753	2,967	3,157	2,547	2,436	1,779	398	485
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	9,879	11,433	14,172	13,594	12,075	12,066	10,615	9,120	9,680	10,758
Other Operating Revenue	977	1,427	2,072	2,624	1,500	1,109	3,442	5,520	3,664	3,021
Total Operating Revenue	64,826	74,938	88,549	88,763	78,965	90,149	84,197	64,507	70,988	71,474
Nonoperating Revenues:										
State Appropriations	18,921	19,145	17,083	16,922	21,950	24,975	34,773	30,347	27,216	23,170
Federal grants	11,107	10,793	12,943	18,212	17,750	807	834	14,173	4,318	5,365
Interest income	230	162	156	183	1,500	2,552	2,194	1,263	341	262
Other Nonoperating Revenue	99	196	2,960	4,617	7,449	8,406	3,451	2,500	119	233
Total Nonoperating Revenue	30,357	30,296	33,142	39,934	48,649	36,740	41,252	48,283	31,994	29,030
Total Revenues	\$ 95,183	\$ 105,234	\$ 121,691	\$ 128,697	\$ 127,614	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504

South Carolina State University

Statistical Section (unaudited)

Schedule of Revenues by Source (continued)

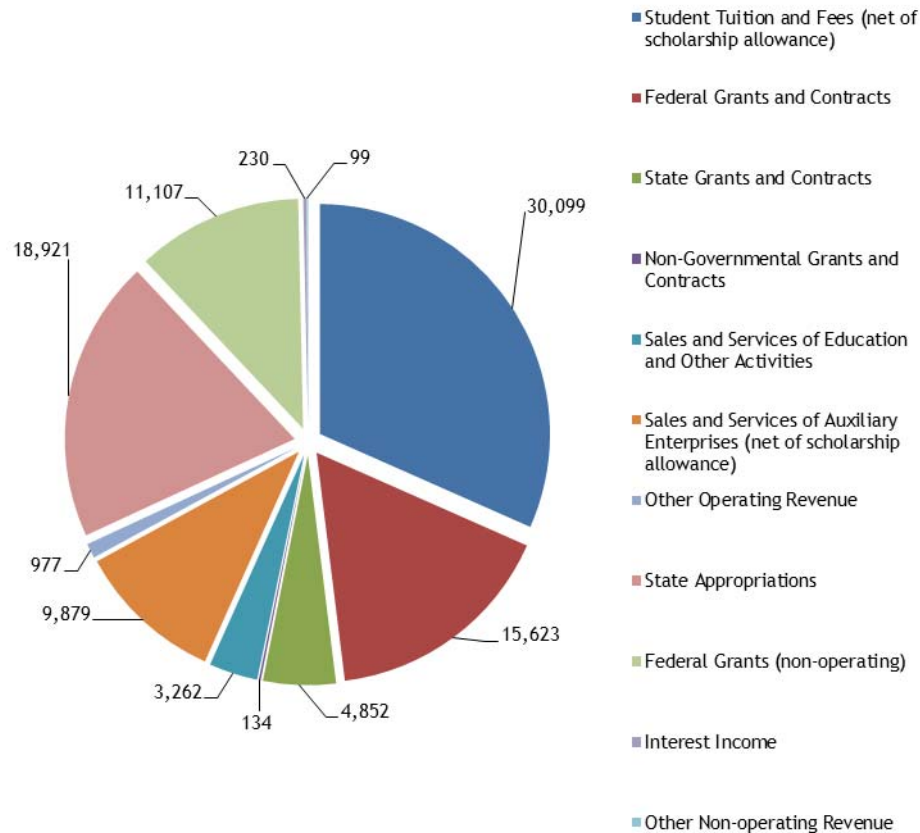
For the Year Ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	(percent of total revenue)									
Revenues:										
Operating Revenues:										
Student Tuition and Fees										
(net of scholarship allowance)	31.62%	30.74%	31.84%	27.83%	27.09%	24.99%	25.28%	25.36%	24.24%	24.26%
Federal Grants and Contracts	16.41%	19.31%	19.97%	20.98%	16.41%	24.98%	23.74%	12.77%	25.82%	25.41%
State Grants and Contracts	5.10%	4.92%	4.32%	5.04%	5.09%	6.30%	4.88%	4.46%	5.17%	7.11%
Non-Government Grants and Contracts	0.14%	0.13%	0.20%	0.21%	0.18%	0.18%	0.08%	0.04%	0.35%	0.15%
Sales and Services of Educational and Other Activities	3.43%	3.90%	3.08%	2.31%	2.47%	2.01%	1.94%	1.58%	0.39%	0.48%
Sales and Services of Auxiliary Enterprises (net of scholarship allowance)	10.38%	10.86%	11.65%	10.56%	9.46%	9.51%	8.46%	8.09%	9.40%	10.70%
Other Operating Revenue	1.03%	1.35%	1.71%	2.04%	1.18%	0.87%	2.74%	4.89%	3.56%	3.01%
Total Operating Revenue	68.11%	71.21%	72.77%	68.97%	61.88%	71.05%	67.12%	57.19%	68.93%	71.12%
Non-Operating Revenues:										
State Appropriations	19.88%	18.19%	14.04%	13.15%	17.19%	19.68%	27.72%	26.91%	26.43%	23.05%
Federal grants	11.67%	10.26%	10.64%	14.15%	13.91%	0.64%	0.66%	12.57%	4.19%	5.34%
Interest income	0.24%	0.15%	0.13%	0.14%	1.18%	2.01%	1.75%	1.12%	0.33%	0.26%
Other Non-Operating Revenue	0.10%	0.19%	2.43%	3.59%	5.84%	6.62%	2.75%	2.22%	0.12%	0.23%
Total Non-Operating Revenue	31.89%	28.79%	27.23%	31.03%	38.12%	28.95%	32.88%	42.81%	31.07%	28.88%
Total Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

South Carolina State University

Statistical Section (unaudited)

Schedule of Revenues by Source - Fiscal Year 2014 - Pie Chart



Amounts expressed in thousands

Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of Expenses by Use

For the Year Ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(amounts expressed in thousands)										
Expenses:										
Operating Expenses:										
Compensation and										
Employee Benefits	\$ 51,501	\$ 54,293	\$ 56,477	\$ 59,062	\$ 59,240	\$ 61,266	\$ 61,554	\$ 54,804	\$ 52,514	\$ 48,571
Service and Supplies	26,648	29,441	34,878	37,083	31,844	36,402	42,250	39,481	32,965	33,447
Utilities	3,599	3,333	3,501	3,514	2,883	3,505	3,626	3,893	3,943	3,026
Depreciation and										
Amortization	5,638	5,633	5,350	5,372	5,183	4,316	3,085	2,516	1,748	1,920
Scholarships	14,070	14,837	18,280	15,913	16,772	15,409	11,818	10,929	9,252	8,478
Total Operating Expenses	101,456	107,537	118,486	120,944	115,922	120,898	122,333	111,623	100,422	95,442
Non-operating Expenses:										
Interest and Other	4,051	3,489	3,936	3,836	3,647	3,463	4,490	2,160	530	604
Total Expenses	\$105,507	\$111,026	\$122,422	\$124,780	\$119,569	\$124,361	\$126,823	\$113,783	\$100,952	\$ 96,046

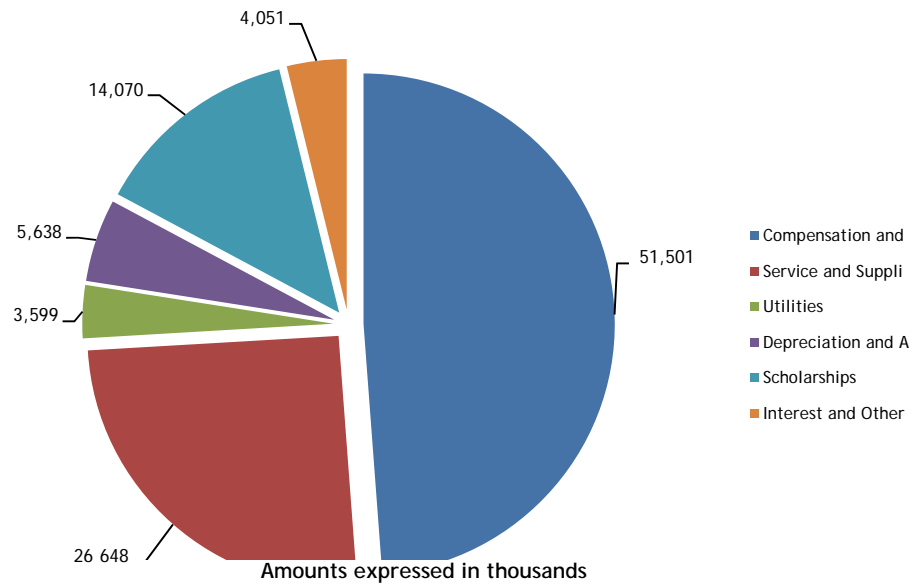
For the Year Ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(percent of total expenses)										
Expenses:										
Operating Expenses:										
Compensation and										
Employee Benefits	48.81%	48.90%	46.13%	47.33%	49.54%	49.26%	48.54%	48.17%	52.02%	50.57%
Service and Supplies	25.26%	26.52%	28.49%	29.72%	26.63%	29.27%	33.31%	34.70%	32.65%	34.82%
Utilities	3.41%	3.00%	2.86%	2.82%	2.41%	2.82%	2.86%	3.42%	3.91%	3.15%
Depreciation and										
Amortization	5.34%	5.07%	4.37%	4.31%	4.33%	3.47%	2.43%	2.21%	1.73%	2.00%
Scholarships	13.34%	13.36%	14.93%	12.75%	14.03%	12.39%	9.32%	9.61%	9.16%	8.83%
Total Operating Expenses	96.16%	96.86%	96.78%	96.93%	96.95%	97.22%	96.46%	98.10%	99.47%	99.37%
Non-operating Expenses:										
Interest and Other	3.84%	3.14%	3.22%	3.07%	3.05%	2.78%	3.54%	1.90%	0.53%	0.63%
Total Expenses	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

South Carolina State University

Statistical Section (unaudited)

Schedule of Expenses by Use - Fiscal Year 2014 - Pie Chart



Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of Net Position and Changes in Net Position

For the Year Ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(amounts expressed in thousands)										
Total revenues	\$ 95,183	\$ 105,234	\$ 121,691	\$ 128,697	\$ 127,614	\$ 126,889	\$ 125,449	\$ 112,790	\$ 102,982	\$ 100,504
Total expenses	105,507	111,026	122,422	124,780	119,569	124,361	126,928	113,781	100,952	96,046
Total changes in net position	(10,324)	(5,792)	(731)	3,917	8,045	2,528	(1,479)	(991)	2,030	4,458
Net position, beginning	61,704	67,496	68,227	64,310	56,265	53,737	55,111	56,102	54,072	49,614
Net position, ending	\$ 51,380	\$ 61,704	\$ 67,496	\$ 68,227	\$ 64,310	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072
Net investment in capital assets	\$ 57,129	\$ 58,237	\$ 62,156	\$ 64,293	\$ 61,913	\$ 58,489	\$ 49,632	\$ 50,580	\$ 47,888	\$ 46,481
Restricted-expendable	10,575	11,957	10,939	2,239	2,778	2,604	2,676	2,572	2,128	2,248
Restricted - non-expendable	765	807	785	767	938	914	980	901	868	783
Unrestricted	(17,089)	(9,297)	(6,384)	928	(1,319)	(5,742)	344	1,058	5,218	4,560
Total	\$ 51,380	\$ 61,704	\$ 67,496	\$ 68,227	\$ 64,310	\$ 56,265	\$ 53,632	\$ 55,111	\$ 56,102	\$ 54,072

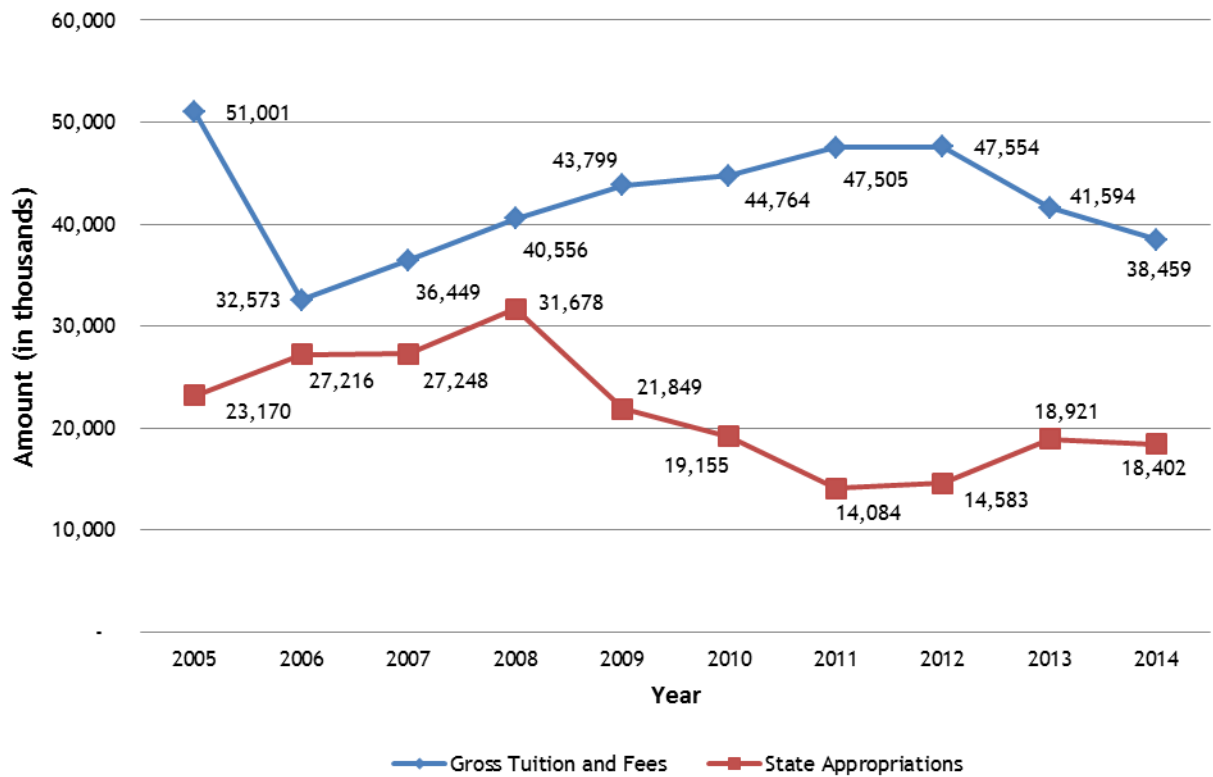
Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Schedule of State Appropriations and Gross Tuition and Fees

2005-2014



South Carolina State University

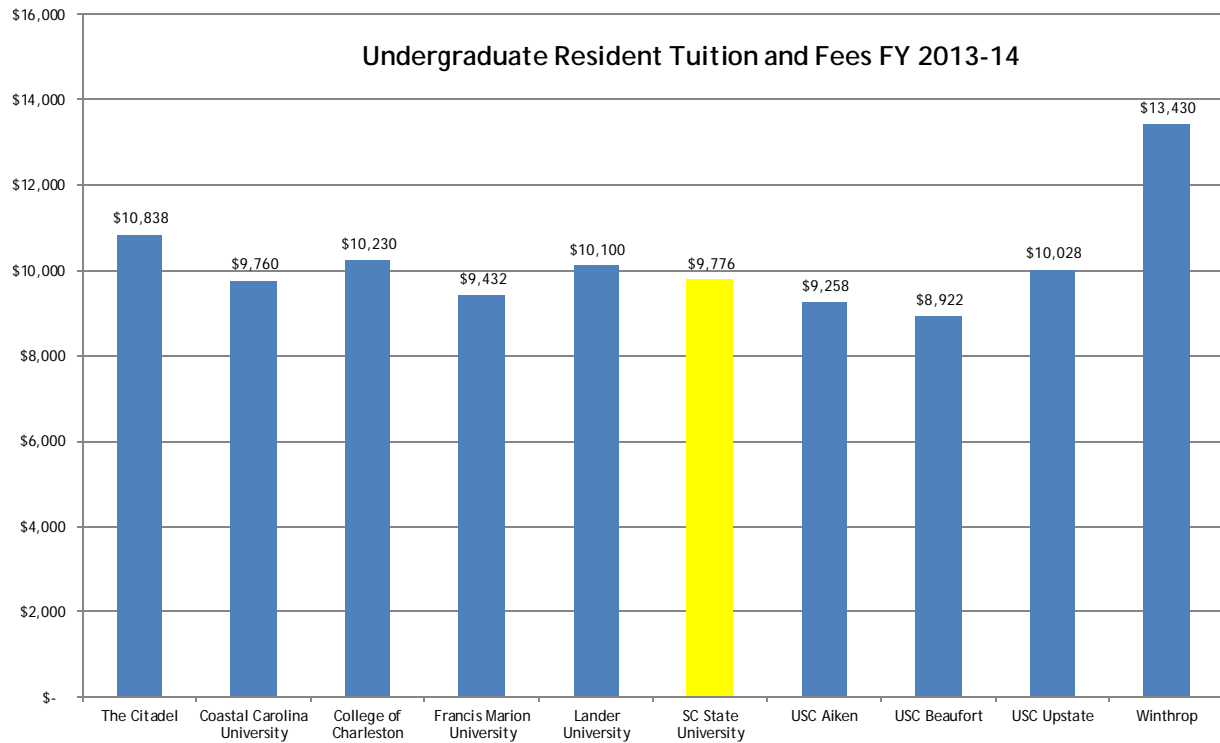
Statistical Section (unaudited)

Schedule of Average Annual Tuition and Fees

S.C. State University in Comparison to Other Colleges and Universities
Last Ten Years

Undergraduate Resident

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
The Citadel	\$ 10,838	\$ 10,523	\$ 10,216	\$ 9,871	\$ 8,735	\$ 8,428	\$ 7,735	\$ 7,168	\$ 6,522	\$ 5,900
Coastal Carolina University	\$ 9,760	\$ 9,760	\$ 9,760	\$ 9,390	\$ 8,950	\$ 8,650	\$ 7,600	\$ 7,500	\$ 6,860	\$ 6,100
College of Charleston	\$ 10,230	\$ 9,918	\$ 9,616	\$ 10,314	\$ 8,988	\$ 8,400	\$ 7,778	\$ 7,234	\$ 6,668	\$ 6,202
Francis Marion University	\$ 9,432	\$ 9,102	\$ 8,802	\$ 8,480	\$ 7,960	\$ 7,632	\$ 7,038	\$ 6,512	\$ 5,984	\$ 5,540
Lander University	\$ 10,100	\$ 9,792	\$ 9,504	\$ 9,144	\$ 8,760	\$ 8,380	\$ 7,728	\$ 7,162	\$ 6,668	\$ 5,866
SC State University	\$ 9,776	\$ 9,258	\$ 9,258	\$ 8,898	\$ 8,462	\$ 7,806	\$ 7,318	\$ 7,278	\$ 6,480	\$ 6,170
USC Aiken	\$ 9,258	\$ 8,974	\$ 8,700	\$ 8,374	\$ 7,900	\$ 7,532	\$ 7,006	\$ 6,670	\$ 6,128	\$ 5,622
USC Beaufort	\$ 8,922	\$ 8,508	\$ 8,108	\$ 7,940	\$ 7,250	\$ 7,000	\$ 6,250	\$ 5,724	\$ 5,214	\$ 4,670
USC Upstate	\$ 10,028	\$ 9,722	\$ 9,426	\$ 9,072	\$ 8,462	\$ 8,342	\$ 7,760	\$ 7,218	\$ 6,636	\$ 6,060
Winthrop	\$ 13,430	\$ 13,026	\$ 12,656	\$ 12,176	\$ 11,606	\$ 11,160	\$ 10,210	\$ 9,500	\$ 8,756	\$ 7,816



Source: South Carolina Commission on Higher Education.

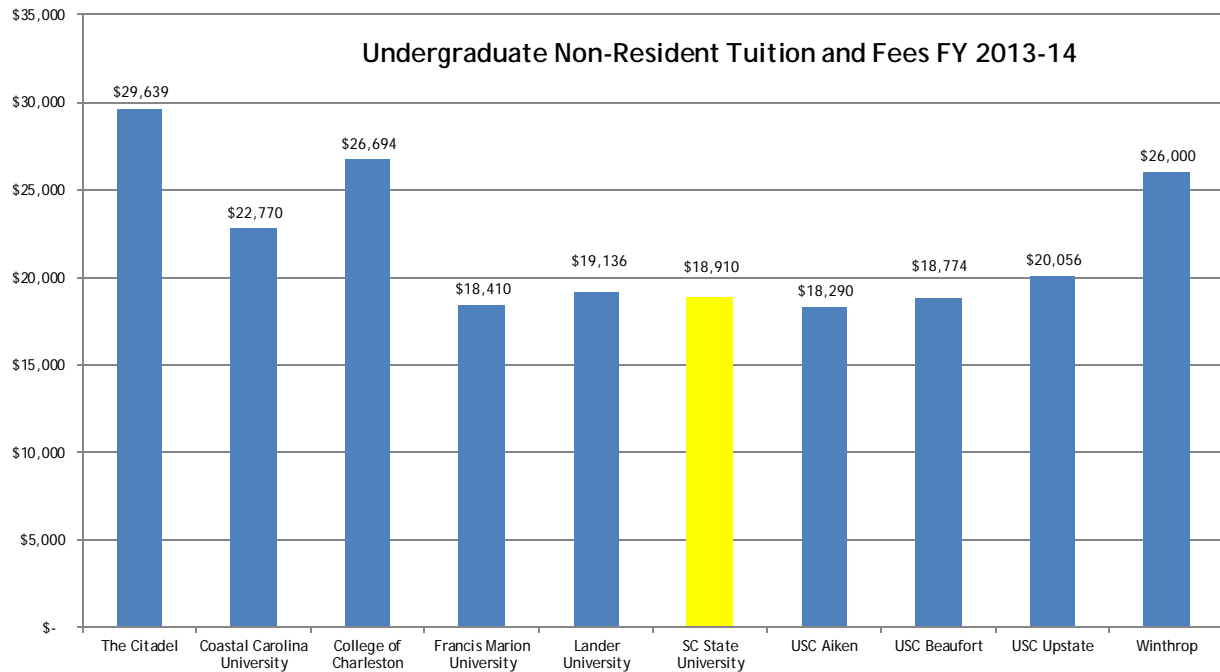
South Carolina State University

Statistical Section (unaudited)

Schedule of Average Annual Tuition and Fees (continued)

Undergraduate Non-Resident

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
The Citadel	\$ 29,639	\$ 28,776	\$ 27,033	\$ 24,800	\$ 22,545	\$ 21,031	\$ 19,291	\$ 17,487	\$ 15,918	\$ 14,518
Coastal Carolina University	\$ 22,770	\$ 22,050	\$ 21,560	\$ 20,270	\$ 18,770	\$ 18,090	\$ 16,590	\$ 16,190	\$ 15,100	\$ 14,150
College of Charleston	\$ 26,694	\$ 25,304	\$ 24,330	\$ 23,172	\$ 21,846	\$ 20,418	\$ 18,732	\$ 16,800	\$ 15,342	\$ 14,140
Francis Marion University	\$ 18,410	\$ 17,810	\$ 17,256	\$ 16,625	\$ 15,585	\$ 15,028	\$ 13,841	\$ 12,839	\$ 11,833	\$ 10,945
Lander University	\$ 19,136	\$ 18,552	\$ 17,976	\$ 17,304	\$ 16,560	\$ 15,840	\$ 14,616	\$ 13,538	\$ 13,608	\$ 12,034
SC State University	\$ 18,910	\$ 18,170	\$ 18,170	\$ 17,470	\$ 16,626	\$ 15,298	\$ 14,362	\$ 14,322	\$ 13,288	\$ 12,978
USC Aiken	\$ 18,290	\$ 17,730	\$ 17,188	\$ 16,542	\$ 15,632	\$ 14,896	\$ 13,922	\$ 13,250	\$ 12,270	\$ 11,264
USC Beaufort	\$ 18,774	\$ 17,906	\$ 17,220	\$ 16,522	\$ 15,100	\$ 14,576	\$ 13,912	\$ 12,756	\$ 12,130	\$ 11,060
USC Upstate	\$ 20,056	\$ 19,444	\$ 18,852	\$ 18,144	\$ 17,284	\$ 16,684	\$ 15,752	\$ 14,656	\$ 13,474	\$ 12,304
Winthrop	\$ 26,000	\$ 24,476	\$ 23,796	\$ 22,892	\$ 21,596	\$ 20,710	\$ 19,034	\$ 17,564	\$ 16,150	\$ 14,410



Source: South Carolina Commission on Higher Education.

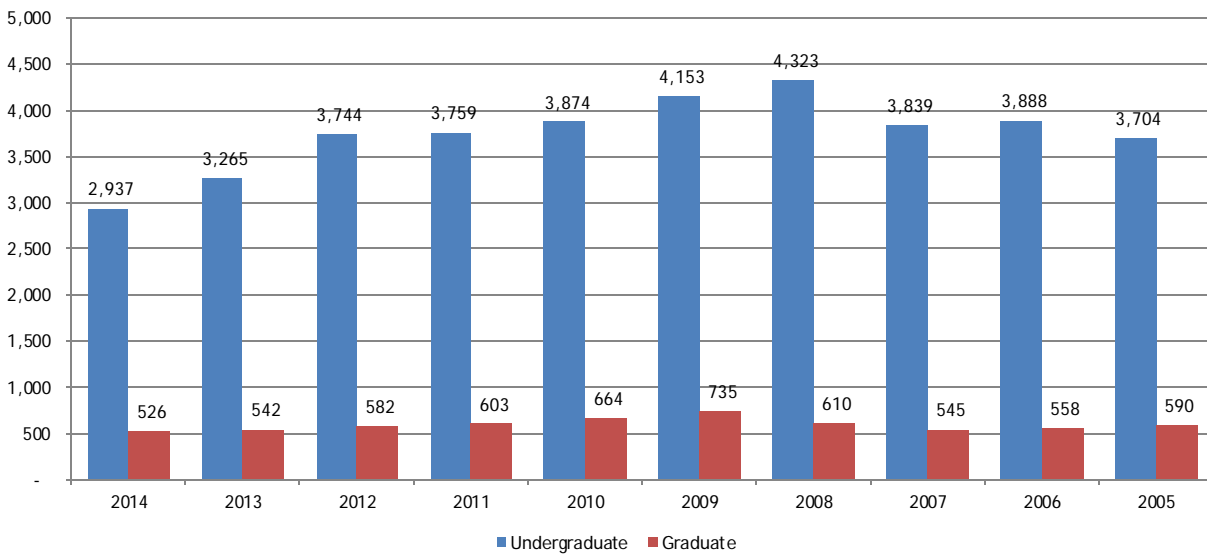
South Carolina State University

Statistical Section (unaudited)

Student Head Count - Fiscal Year 2005 to 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Undergraduate	2,937	3,265	3,744	3,759	3,874	4,153	4,323	3,839	3,888	3,704
Graduate	526	542	582	603	664	735	610	545	558	590
Total	3,463	3,807	4,326	4,362	4,538	4,888	4,933	4,384	4,446	4,294

Student Head Count - Fiscal Year 2005 to 2014



Source: South Carolina State University Office of Institutional Research.

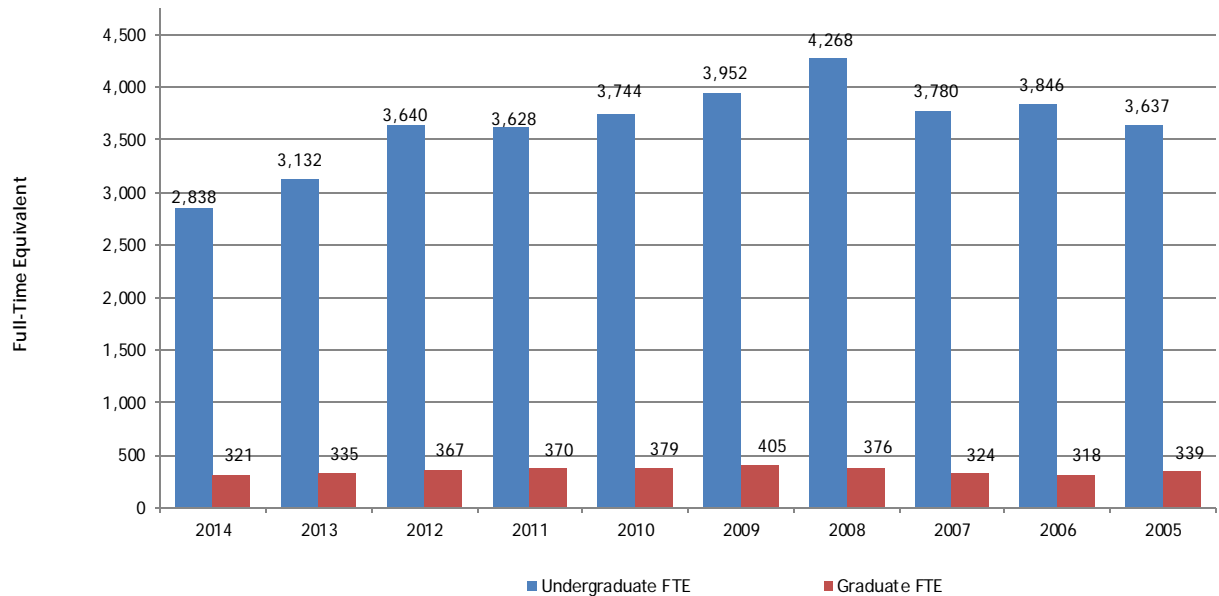
South Carolina State University

Statistical Section (unaudited)

Student Full-Time Equivalent - Fiscal Year 2005 to 2014

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Undergraduate FTE	2,838	3,132	3,640	3,628	3,744	3,952	4,268	3,780	3,846	3,637
Graduate FTE	321	335	367	370	379	405	376	324	318	339
Total FTE	3,159	3,467	4,007	3,998	4,123	4,357	4,644	4,104	4,164	3,976

Student Full-Time Equivalent - Fiscal Year 2005 to 2014



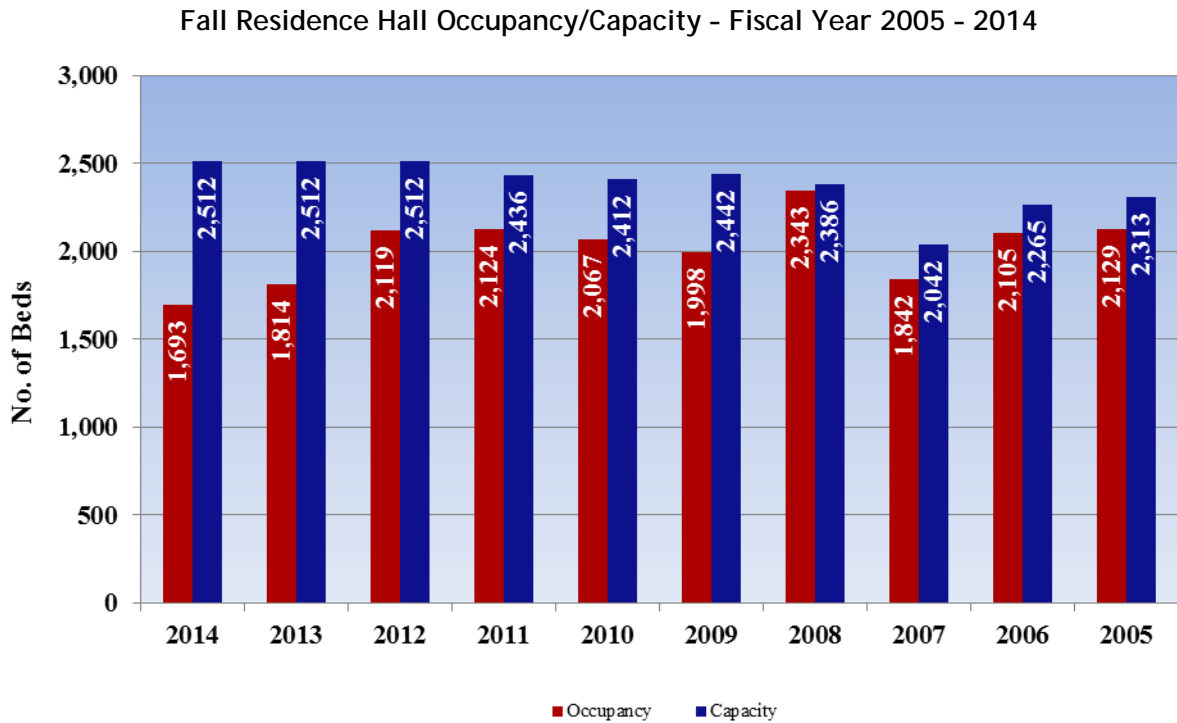
Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Fall Residence Hall Occupancy/Capacity - Fiscal Year 2005 - 2014

Fiscal Year	Occupancy	Capacity
2014	1,693	2,512
2013	1,814	2,512
2012	2,119	2,512
2011	2,124	2,436
2010	2,067	2,412
2009	1,998	2,442
2008	2,343	2,386
2007	1,842	2,042
2006	2,105	2,265
2005	2,129	2,313



Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Schedule of Ratios of Outstanding Debt

For the Year Ended June 30,

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
	(amounts expressed in thousands, except for outstanding debt per student)									
Revenue Bonds	\$ -	\$ -	\$ 235	\$ 455	\$ 665	\$ 865	\$ 1,055	\$ 1,235	\$ 1,405	\$ 1,570
General Obligation										
Bonds	26,795	28,310	29,770	31,175	32,530	33,835	35,095	36,305	3,620	3,750
Notes Payable	46,548	42,186	43,078	44,410	45,564	41,603	39,600	38,947	21,623	5,424
Capital Lease										
Obligations	-	72	144	629	1,103	1,208	1,591	-	-	-
Total Outstanding Debt	\$ 73,343	\$ 70,568	\$ 73,227	\$ 76,669	\$ 79,862	\$ 77,511	\$ 77,341	\$ 76,487	\$ 26,648	\$ 10,744

Full-time equivalent students	3,159	3,467	4,007	3,998	4,123	4,357	4,644	4,104	4,164	3,976
Outstanding debt per FTE Student	\$ 23,217	\$ 20,354	\$ 18,275	\$ 19,177	\$ 19,370	\$ 17,790	\$ 16,654	\$ 18,637	\$ 6,400	\$ 2,702

Source: South Carolina State University audited financial statements, SC State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Schedule of Bond Coverage

Last Ten Years

(amounts expressed in thousands except coverage ratio)

General Obligation Bonds

Year Ended June 30,	Total Revenue Available for Debt Service	Debt Service Requirement			Coverage Ratio
		Principal	Interest	Total	
2014	\$ 3,012	\$ 1,515	\$ 1,183	\$ 2,698	1.12
2013	\$ 3,043	\$ 1,460	\$ 1,241	\$ 2,701	1.13
2012	\$ 3,036	\$ 1,405	\$ 1,297	\$ 2,702	1.12
2011	\$ 2,983	\$ 1,355	\$ 1,352	\$ 2,707	1.10
2010	\$ 2,989	\$ 1,305	\$ 1,406	\$ 2,711	1.10
2009	\$ 3,080	\$ 1,260	\$ 1,459	\$ 2,719	1.13
2008	\$ 2,768	\$ 1,210	\$ 1,520	\$ 2,730	1.01
2007	\$ 2,446	\$ 140	\$ 1,076	\$ 1,216	2.01
2006	\$ 1,044	\$ 137	\$ 130	\$ 267	3.91
2005	\$ 879	\$ 130	\$ 144	\$ 274	3.21

Revenue Bonds and Notes Payable (Housing)

June 30,	Total Revenue Debt Service	Debt Service Requirement			Ratio
		Principal	Interest	Total	
2014	\$ 4,260	\$ 451	\$ 2,230	\$ 2,681	1.59
2013	\$ 4,218	\$ 341	\$ 2,682	\$ 3,023	1.40
2012	\$ 4,699	\$ 1,552	\$ 2,584	\$ 4,136	1.14
2011	\$ 5,673	\$ 1,488	\$ 2,367	\$ 3,855	1.47
2010	\$ 3,470	\$ 940	\$ 2,205	\$ 3,145	1.10
2009	\$ 3,015	\$ 759	\$ 2,048	\$ 2,807	1.07
2008	\$ 2,638	\$ 396	\$ 2,097	\$ 2,493	1.06
2007	\$ 1,785	\$ 562	\$ 821	\$ 1,383	1.29
2006	\$ 569	\$ 334	\$ 173	\$ 507	1.12
2005	\$ 1,888	\$ 430	\$ 267	\$ 697	2.71

Source: South Carolina State University audited financial statements.

South Carolina State University

Statistical Section (unaudited)

Full-Time Faculty and Staff - For the Last Ten Years

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Faculty	207	207	213	216	229	224	215	203	204	211
Staff and administrators	442	461	449	559	587	600	617	607	583	550
Total	649	668	662	775	816	824	832	810	787	761

FTE students per full time

Faculty	15	17	19	19	18	19	22	20	20	19
Staff and administrators	7	8	7	7	7	7	8	7	7	7

Average annual faculty salary \$ 64,591 \$ 62,091 \$ 59,988 \$ 60,545 \$ 60,512 \$ 59,425 \$ 54,686 \$ 52,995 \$ 53,983 \$ 47,342

Source: South Carolina State University Office of Institutional Research.

South Carolina State University

Statistical Section (unaudited)

Schedule of Capital Asset Information

For the Fiscal Year (square feet)	2014	2013	2012	2011	2010	2009
Academic buildings	764,615	764,615	679,278	671,307	523,339	523,339
Administrative and support buildings	129,582	158,631	151,880	150,680	101,209	74,980
Auxiliary and independent operation buildings	354,091	354,091	354,091	354,091	132,113	139,096
Student housing	595,096	575,684	575,684	575,684	436,201	492,149
Dining facilities	26,798	26,798	26,798	26,798	26,798	26,798
Total Square Feet	1,870,182	1,879,819	1,787,731	1,778,560	1,219,660	1,256,362

Note: 2005 to 2008 data not readily available

Source: South Carolina State University Facilities Office.

South Carolina State University

Statistical Section (unaudited)

Academic Subject Areas and Degrees Offered - Fall 2014

Undergraduate

Bachelor of Arts

Studio Art/Ceramics/Sculpture
Studio Art/Digital media
Studio Art/Painting/Drawing
Studio Art Photography/Printmaking
Communications/Broadcasting
Communications/Journalism
Drama, Professional
Drama Education
English Education
English, Professional
History
Modern Languages w/Concentration in Spanish
Music Industry
Political Science
Political Science, Pre-Law
Political Science, Public Administration
Sociology
Speech Pathology and Audiology
Social Studies Education

Bachelor of Science

Accounting
Agribusiness
Art Education
Biology Education
Biology
Business Economics
Business Education
Early Childhood Education
Civil Engineering Technology
Professional Chemistry/Graduate School and Industry
Chemistry Education
Professional Chemistry/Environmental Science
Professional Chemistry/Radiochemistry
Professional Chemistry/Pre-Health
Computer Science
Criminal Justice
Electrical Engineering Technology
Electrical Engineering Technology and Physics
Elementary Education
Family and Consumer Sciences Business
Family and Consumer Sciences Business/Child Development
Family and Consumer Sciences Business/Fashion
Merchandising
Industrial Engineering Technology
Industrial Technology
Mathematics
Mathematics and Computer Science
Mathematics Education
Middle Level Education
Mechanical Engineering Technology
Management

Marketing
Music Education Instrumental
Music Education Choral/Piano K-12
Music Education Choral/Voice K-12
Nuclear Engineering
Nutrition and Food Management/Food Management
Nutrition and Food Management/Nutrition
Nursing
Physical Education
Physical Education/Activity Management
Physical Education/Health Education Services
Physical Education/Sports Communication
Professional Land Surveying
Physics/Astronomy
Physics/Health Physics
Physics/Medical Physics
Physics
Psychology
Social Work
Special Education/Emotionally Disabled
Special Education/Educable Mentally Disabled
Special Education /Learning Disabilities
Technology Education

Graduate

Master's Degrees

Master of Arts
Rehabilitation Counseling
Speech Pathology and Audiology
Master of Art in Teaching
Early Childhood
Elementary
English
Mathematics
General Science/Biology
Master of Business Administration
Agribusiness
Entrepreneurship
Master of Education
Counselor Education
Elementary Education
Secondary Education
Special Education
Master of Science
Individual and family Development
Nutritional Sciences
Transportation

Educational Specialist

Educational Administration

Doctor of Education

Educational Administration

South Carolina State University

Statistical Section (unaudited)

State of South Carolina Demographic Statistics - Last Ten Calendar Years

Year	Population as of June 30 (a)	Total Personal Income (b)	Per Capita Income (b)	Average Annual Unemployment Rate (c)
2014	4,774,839	161,863,730	34,266	5.8%
2013	4,723,723	161,863,730	34,266	9.1%
2012	4,679,230	157,564,533	33,673	10.3%
2011	4,679,230	157,564,533	33,673	10.3%
2010	4,625,364	153,391,793	33,163	10.9%
2009	4,561,242	145,041,489	31,799	11.8%
2008	4,479,800	146,337,147	35,419	12.1%
2007	4,407,709	135,849,999	31,013	5.9%
2006	4,321,249	129,864,269	29,515	6.5%
2005	4,246,933	120,220,459	28,285	6.7%

(a) Source: U.S. Census Bureau.

(b) Source: U.S. Board of Economic Advisors.

(c) Source: U.S. Department of Labor.

South Carolina State University

Statistical Section (unaudited)

State of South Carolina Ten Largest Employers

Latest Completed Calendar Year and Ten Years Prior

(Listed alphabetically)

2014	2005
Baldor Dodge Reliance	Bi-Lo, Inc.
Bartercard USA Inc	Blue Cross/Blue Shield of South Carolina
Ben Arnold Beverage Co.	Charleston County School District
BMW Manufacturing Co.	Greenville County School District
Greenville Memorial Hospital	Greenville Hospital System
Mc Leod Health	Michelin North America, Inc.
Medical University of SC	U.S. Department of Defense
Palmetto Health Richland	U.S. Postal Service
Piggly Wiggly	Wal-Mart Associates, Inc.
Spartanburg Regional Medical Center	Washington Savannah River

Note: Due to confidentiality issues, the number of employees for each company is not available and the employers are listed alphabetically rather than in order of size.

Source: South Carolina Department of Employment and Workforce.